



Daily Report

China

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Daily Report

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NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

Bush Begins Asia-Pacific Tour, To Discuss Trade

XINHUA Reports Departure

OW3012135391 Beijing XINHUA in English
1337 GMT 30 Dec 91

[Text] Washington, December 30 (XINHUA)—U.S. President George Bush left here today for a 12-day visit to Australia, Singapore, South Korea and Japan.

The main objective of Bush's trip to Australia and Asia is to open up markets for U.S. goods in the Pacific region.

"If we want to put people to work here at home, we've got to expand trade and to open markets," Bush said as he boarded Air Force One.

"Let me make very clear the focus of this trip: My highest priority is jobs. I want us to build a foundation for sustained economic growth and an ever-increasing supply of good jobs for American workers," Bush said in a departure statement at Andrews Air Force Base.

To Review EEP With Australia

OW3012024591 Beijing XINHUA in English
0222 GMT 30 Dec 91

[Text] Canberra, December 30 (XINHUA)—U.S. President George Bush will be visiting Australia from December 31 to January 3, the first leg of his 11-day Asia-Pacific tour, with trade issues expected to be high on the agenda.

It will be Bush's second Asia-Pacific tour since he assumed the presidency in 1988, and his visit to Australia, which diplomats say, is aimed at "consolidating and reaffirming" the bilateral ties, will be the first since Lyndon Johnson dropped in this south Pacific nation a quarter of a century ago.

Both the Australian and U.S. governments want to use it in a symbolic way to emphasize the importance of the relationship which is often soured by the bitter trade issues.

One of the central issues to be discussed during Bush's visit is expected to be the effect of U.S. subsidies on Australian primary products, particularly the wheat markets.

The U.S. has been blamed for selling subsidized wheat in traditional Australian markets through its Export Enhancement Program (EEP), which the U.S. claims is aimed only at the European subsidies.

But Australian farmers claim the eep has depressed world prices, stolen Australian markets, and been targeted in areas where the Europeans do not sell. Australian farming leaders say the subsidies allow American

farmers to compete unfairly and wiped 1 billion Australian dollars (about 760 million U.S. dollars) off Australian wheat exports last year.

Australian farmers are also angry about U.S. import restrictions on Australian beef and sugar.

Bush's visit was originally to have taken place at the end of November, but was postponed after criticism about his administration's domestic policy and the number of overseas trips he had made.

Other issues to be discussed during the visit are expected to cover regional and global security, the break-up of the Soviet Union and the U.S. presence in the region. Bush is expected to reaffirm and redefine the U.S. role in the region in the wake of the dramatic global events.

The two countries are also expected to discuss the set-up of new regional security arrangements proposed by Australia.

The forthcoming visit will also take Bush to Singapore, South Korea and Japan.

Bush Arrives in Australia

OW3112114891 Beijing XINHUA in English
0933 GMT 31 Dec 91

[Text] Canberra, December 31 (XINHUA)—U.S. President George Bush arrived in Sydney tonight at the start of his four-day Australia visit, the first ever by an American president in the last 25 years.

This is Bush's second Asia-Pacific tour since he was elected U.S. President in 1988. The 11-day tour will also take Bush to Singapore, South Korea and Japan.

Bush has come to Australia at a time when dramatic global events have taken place, and the five-year-old Uruguay Round of talks on the General Agreement on Tariffs and Trade have broken down repeatedly because of the trade subsidy war between the European Community and the U.S.

Australian farmers have been upset by the U.S. Export Enhancement Program (EEP) which, the U.S. claims, is aimed at countering the EC dumping policies. But the Australian farmers believe they are getting caught in the crossfire, and the U.S. trade policies are costing them 1 billion Australian dollars (about 780 million U.S. dollars) a year in foregone incomes.

A senior government source confirmed that the trade issues will top the agenda for the talks with the U.S. President. Other issues to be discussed will cover regional and global security, the proposed new regional security arrangements and the future U.S. role in the region.

Australia's farm leaders are expected to meet Bush, and farm groups are planning a protest outside the parliament house here during the meeting, trying to voice their concern that they are the real victims of the trade subsidy war.

However, it is highly unlikely that the U.S. will unilaterally water down farm subsidies, and any concession to the EEP will cost Bush politically dearly in the election year.

The President is scheduled to meet with Prime Minister Paul Keating and senior government ministers as well as opposition leader John Hewson Thursday. Bush is also expected to address a special joint sitting of Parliament.

Bush will spend some time Friday in Melbourne, where he is expected to make a statement of the United States' commitment to its allies and obligations in the Asia-Pacific and to reaffirm its intent to remain in the region, and he will leave for Singapore that afternoon.

Farmers To Back Keating in Talks

OW3112024191 Beijing XINHUA in English
0154 GMT 31 Dec 91

[Text] Canberra, December 31 (XINHUA)—Australian Prime Minister Paul Keating and farm leaders have agreed to take a common stance against damaging United States export subsidies in talks with U.S. President George Bush, on the eve of his arrival.

The U.S. Export Enhancement Program (EEP), used to combat European Community subsidies as claimed, has been a big sticking point in Australian-U.S. relationships.

Australian farmers claim that the EEP costs them 1 billion Australian dollars (780 million U.S. dollars) a year in lost farm exports.

The National Farmers Federation agreed Monday to join forces with Prime Minister Keating in pressing Bush to seek a conclusion to the general agreement on tariffs and trade, which would remove the need for U.S. farm subsidies.

Keating said at the meeting with the farm leaders that he would go into the talks battling for Australia's farmers but would not ask the U.S. to dismantle the EEP immediately.

Political observers believe that Keating will take a moderate line with Bush and ask the U.S. to reduce subsidies in line with the outcome of international trade talks.

However, U.S. officials here said it was highly unlikely that President Bush would agree to any review of the EEP because any changes would require congressional approval, and it was also unlikely that Bush would make changes in a presidential and congressional election year.

United States & Canada

Envoy to U.S. Views Prospects for Relations

HK3012150591 Beijing RENMIN RIBAO in Chinese
29 Dec 91 p 6

[Dispatch by correspondent Zhang Qixin (1728 0796 2500): "Ambassador Zhu Qizhen on Present Situation, Future of Sino-U.S. Relations"]

[Text] Washington, 27 Dec (RENMIN RIBAO)—In an interview given to reporters from this paper, XINHUA News Agency, China International Broadcasting Station, and ZHONGGUO XINWEN SHE, Zhu Qizhen, Chinese Ambassador to the United States, said here today that Sino-U.S. relations in 1991 made progress in some areas, but bilateral relations remain far from normal. Given the current rapidly changing global situation, China and the United States should continue to work to seek common ground, minimize their differences, abide by the three Sino-U.S. joint communiques and the Five Principles of Peaceful Coexistence, and restore and strengthen bilateral relations as quickly as possible.

Zhu Qizhen said that U.S. Secretary of State Baker's visit to China this mid-November enabled high-ranking leaders of the two countries to have a frank face-to-face exchange of views on international issues of common concern and bilateral relations. The visit helped increase mutual understanding and the two sides achieved positive results on certain issues. Baker's visit also signified the end of U.S. restrictions on high-ranking visits between China and the United States.

Zhu Qizhen said that this year there have been more consultations between Chinese and U.S. officials at the vice foreign ministerial level and between administrative departments than in 1990. The two sides renewed the Five-Year Scientific and Technological Cooperation Agreement and signed a protocol covering collaboration in 28 fields, thus strengthening scientific and technological cooperation between the two countries. Economic and trade exchanges between the two countries on the whole remained normal. From 1979 to mid-1991, Sino-U.S. joint ventures totaled 1,856 and gross aggregate U.S. investment in China reached over \$4 billion. Gross trade volume between the two countries in 1991 is expected to reach \$12 billion to \$13 billion.

Ambassador Zhu pointed out that Sino-U.S. relations are far from being restored to normal as there are still many difficulties, saying that following the political disturbance between spring and summer in 1989, the United States took the lead in unilaterally applying sanctions against China, which remain in force. After two years, when West Europe and Japan had successfully abolished the sanctions, the United States has retained them, affecting Sino-U.S. relations in many fields.

He also pointed out that certain people in the United States have so far adopted an unfriendly and biased attitude toward China. Because of these factors, certain issues developed into problems which should not have become problems at all. For instance, regarding most-favored-nation status, the U.S. Congress has made various unfair charges against China, affecting unfavorably the development of Sino-U.S. relations.

Looking at the future of Sino-U.S. relations, Ambassador Zhu said that there are no fundamental conflicts of interest between China and the United States. They are not a threat

to one another; and bilateral relations should have developed one step further on the basis of the 10-year foundation since the establishment of diplomatic ties in 1979. Neither the Chinese nor the American peoples are willing to see the current difficult situation. In the coming new year, to get Sino-U.S. relations out of the impasse and to restore them to their previous status, Zhu Qizhen believed that we should first of all avoid imposing one country's ideology and value concepts on bilateral relations. He said that China has a different historical background from that of America; as well as different cultural traditions, social and political systems, and values. China will not interfere in the social system chosen by the United States. Whether the Chinese people choose to take the path of socialism with Chinese characteristics is entirely their concern, and other countries should not interfere. If we exclude the ideological elements from bilateral relations, the development of relations will be much more stable. He said that one important principle for achieving this is that there must be mutual respect and noninterference in each other's affairs, as stressed by the three Sino-U.S. joint communiques.

Second, the two countries should discuss issues of common concern in a spirit that seeks common ground and minimizes differences. Ambassador Zhu said that there is common ground between China and the United States on certain issues, and there are differences on others. We should develop common ground while admitting these differences. He said that, in the recent period, friction between the two sides has increased, for instance in the issues of trade and the protection of intellectual property rights. Even though trade between China and the United States is imbalanced, we should seek a solution in the spirit of seeking common ground and reserving differences and equality and mutual benefit—not by one sides' exertion of pressure on the other. He said that, if both sides can act in the spirit of seeking common ground and reserving differences and equality and mutual benefit, quite a number of issues which have been raised over the last two years can be solved relatively easily.

Zhu Qizhen said that, in the current rapidly changing world, strengthening Sino-U.S. relations may perhaps accord more with the interests of both sides. If we have a long-term strategic perspective and the courage of a politician, we will relatively easily overcome the difficulties in relations between the two countries and will normalize relations.

Paper Comments on U.S. Suspension of Talks

*HK3012103291 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 51, 23 Dec 91 pp 6-7*

[By staff correspondent: "Refrain From Doing Things Harmful to Interests of China and United States—Commenting on Sino-U.S. Talks on Protection of Intellectual Property Rights"]

[Text] The recent Sino-U.S. negotiations on protection of intellectual property rights have been marked by setbacks and difficulties which have aroused worldwide attention. It is hard to predict the outcome.

From 21 to 26 November, at the invitation of the U.S. Government, Wu Yi, vice minister of foreign economic relations and trade, led a Chinese trade delegation to the United States for talks. In accordance with the aim of maintaining and developing Sino-U.S. relations, the Chinese delegation listened to the U.S. demands with great sincerity and made very positive suggestions. U.S. Trade Representative Carla Hills also admitted that "good progress" had been achieved in the talks. On the afternoon of 26 November, while the talks were still in session and before commenting on the document provided by the Chinese side, the U.S. trade representative unilaterally suspended the talks and decided to announce a list of imported Chinese products which might be subject to possible retaliatory tariffs.

The unilateral U.S. suspension of the talks has met with strong reaction from both inside and outside China. Industrial and academic circles from both the mainland and Hong Kong along with deputies to China's National People's Congress have sent telex or telephone calls to Beijing one after another, and some Chinese people residing in the United States have also called the Chinese Embassy in the United States to express their great indignation over the U.S. move and to ask the Chinese Government not to keep silent about this incident.

It is unfair for the United States to take retaliatory measures against China. As every one knows, respecting knowledge and respecting talents is China's basic national policy. Protecting intellectual property rights is not only an essential component of China's opening to the outside world, but it is also integral to China's modernization drive. For this reason, the Chinese Government attaches great importance to protecting intellectual property rights. Over the past few years, in light of China's national conditions and in reference to some common international practices, the Chinese Government has promulgated the "Trademarks Law" (in August 1982), the "Patent Law" (in March 1984), and the "Copyrights Law" (in September 1990), as well as detailed regulations for their implementation. As China considers computer software as an independent piece of work, the State Council has also issued the "Regulations on Protecting Computer Software." Thus, a system of laws on protecting intellectual property rights has been basically established in China. Moreover, after summing up our experiences in practice, China will make certain revisions on its "Patent Law" and "Trademarks Law" to conform with the new situation, to better suit the needs of reform and opening up, and to gradually bring the relevant Chinese laws in line with international norms. After these laws are revised, protection will be extended to more items for longer periods.

While promulgating laws and regulations on protecting intellectual property rights, China joined the World

Intellectual Property Organization in 1980, the "Paris Convention on Protecting Industrial Property Rights" in 1984, and the "Madrid Agreement Concerning the Registration of Trademarks" in 1987. China has been in contact with the World Intellectual Property Organization and UNESCO and will soon apply for admission to two other world conventions: The "Berne Convention" and the "Geneva Convention."

China is adopting a positive and serious attitude toward international protection of intellectual property rights. Statistics show that, in 1990, there were 279,300 effective trademark items in China, of which 42,000 were registered for 62 countries and regions, including 12,528 trademarks for the United States. By the end of September 1991, some 31,094 trademarks had been added, including 4,217 for members of the "Madrid Agreement." According to statistics provided by the State Patent Office, by the end of November 1991, China had handled a total of 211,500 applications for three special patents (invention, function, and design) and had granted patent rights to 84,416 products, including more than 30,000 products from 66 countries and regions. Over 10,000 applications came from the United States—the highest among those from other countries and regions. In order to protect both the Chinese and foreign patent right, trademarks, and copyright, the Chinese People's Court, the State Administration for Industry and Commerce, and the State Patent Office have made great efforts and have fairly handled a large number of patent right, trademark, and copyright violation cases. They have thus been highly praised by the people both at home and abroad.

China's progress and achievements in protecting intellectual property rights are generally acknowledged throughout the world. In apparent disregard for the fact that China has already adopted and will continue to adopt important measures to protect intellectual property rights and in defiance of the enormous efforts made by the Chinese side, the U.S. Government plans to adopt retaliatory measures against China. This will not only obstruct the talks and violate common international practice but will also violate U.S. law. According to the Super 301 provision of the U.S. trade act, "investigation can be postponed for three months if a country has already adopted or is adopting measures to protect U.S. intellectual property rights or if the problems of the country are relatively complicated." China has already adopted and is adopting important measures to protect intellectual property rights, and the U.S. trade representative has announced to postpone the investigation for three months. U.S. side has nevertheless made public the list of imported Chinese products which may be subject to possible retaliatory tariffs. This is not only discrimination against China but is also a violation of U.S. law.

China has been active, earnest, and sincere in its talks with the United States on the issue of intellectual property rights. Since the beginning of this year, six rounds of talks have already been held between China and the United States on this issue. The Chinese side is still

willing to continue the substantial and earnest talks in the spirit of equal consultation and mutual understanding and concession.

It is better to resolve the trade rifts between China and the United States through dialogue than through exerting pressure. China never yields to exterior pressure. Any effort to pressure China to sign any agreement will be counterproductive. If the United States truly follows the norms of international law and practice rather than handling issues according to domestic political expediencies or for other reasons, we believe that the issue can be solved satisfactorily. If the United States insists on taking retaliatory measures against China, however, both sides will be harmed.

People are waiting to see how the Sino-U.S. talks on intellectual property rights will develop. We hope the United States will proceed from the point of view of maintaining Sino-U.S. trade relations, think twice before taking actions, and refrain from doing anything which would harm the interests of both countries.

Soviet Union

Chi Haotian Meets Former Soviet Defense Official

OW3012134791 Beijing XINHUA in English
1338 GMT 30 Dec 91

[Text] Beijing, December 30 (XINHUA)—General Chi Haotian, chief of General Staff of the Chinese People's Liberation Army (PLA), met here today with Marshal Viktor Georgiyevich Kulikov, first deputy minister of defense of the former Soviet Union.

In the meeting, Chi and Kulikov had a friendly conversation on issues of mutual interest, according to sources.

Kulikov, also former supreme commander of the unified armed forces of the Warsaw Treaty states, arrived here on December 24 upon invitation. Kulikov and his party were honored at a banquet hosted by General Xu Xin, deputy chief of the PLA General Staff.

The visitors, who have also toured Dalian and Shanghai, are scheduled to leave here for home Tuesday.

CIS Leaders Hold Summit on Economy, Defense

Open Meetings in Minsk

OW3012161491 Beijing XINHUA in English
1526 GMT 30 Dec 91

[Text] Minsk, December 30 (XINHUA)—Leaders of the 11 republics in the Commonwealth of Independent States (CIS) met today in the Belarussian capital of Minsk in a bid to sort out economic and military differences.

This is the first CIS summit after the Alma-Ata meeting on December 21 declared its establishment which signified the integration [as received] of the Soviet Union.

The one-day summit will address suggestions and statutes on dissolving former Soviet organizations and forming the CIS's coordinating bodies.

Discussions over reforming the unified armed forces will be the focus of the summit, which also covers the cooperation among member states on policy, economy, science and technology and culture.

"We should agree on unified armed forces, about their structures and coordination, and about unified command over strategic nuclear weapons," said Russian President Boris Yeltsin.

Referring to the armed forces of the former Soviet Union, he said it was impossible to disband such a large force—over 3 million men—in one go.

Yeltsin announced on Sunday that his Russian Federation, by far the largest of the states left by the disintegration of the Soviet Union, would create a national guard of 30,000 to 40,000 men.

Agreement on economic policy and the rouble was reached when the Commonwealth was formed, said Yeltsin, adding Ukraine could introduce its own economic measures.

President Askar Akayev of the republic of Kyrgyzstan, the first to arrive in Minsk Sunday, said at the airport that he would submit to the summit meeting initials of agreements on upholding CIS external borders, customs and safeguarding interests of minorities.

He would not expect that the summit could approve all the draft agreements submitted by member states, he said.

Establish 'Coordinating Institution'

OW3012174791 Beijing XINHUA in English
1624 GMT 30 Dec 91

[Text] Minsk, Belarus, December 30 (XINHUA)—Leaders of the Commonwealth of Independent States (CIS) reached an agreement here today on the Commonwealth's Coordinating Institution.

The Coordinating Institution was agreed upon after two hours of intense debate at the CIS summit which opened this morning.

Thirty minutes after signing the agreement, the 11 presidents of the former Soviet republics began to discuss a draft agreement on defense system during the transitional period.

Other items on the summit agenda included agreements on sharing food supplies bought with credits or donated from abroad, on inheriting the property of the former Soviet Union, on the cooperation in politics, economy, culture, science and technology among the members of the Commonwealth, on space and a possible creation of

a television network and Commonwealth-wide newspaper as well as the provisional measures of using the former Soviet Union's embassies, according to summit sources.

Retain Shaposhnikov in Post

OW3012180191 Beijing XINHUA in English
1734 GMT 30 Dec 91

[Text] Minsk, Belarus, December 30 (XINHUA)—The leaders of the 11-member Commonwealth of Independent States (CIS) today decided that the former Soviet Defense Minister Evgeniy Shaposhnikov remains as the CIS commander-in-chief for another two months.

The decision was made because no agreement was reached at the on-going CIS summit here on forming a common defense system during the transitional period, according to summit sources.

Ukraine, Moldova and Azerbaijan have insisted on creating their own national armed forces, the sources said.

At the Alma-Ata meeting on December 21, the presidents of eleven republics agreed that Shaposhnikov took the position of the commander-in-chief until December 30, and the problem of restructuring of armed forces was referred to today's meeting.

Agree on Unified Nuclear Force

OW3112025291 Beijing XINHUA in English
0215 GMT 31 Dec 91

[Text] Minsk, December 30 (XINHUA)—Leaders from the 11-member Commonwealth of Independent States (CIS) today agreed to preserve a unified nuclear command structure, but failed to concur on a similar mechanism for conventional forces.

Henceforth, all nuclear weapons belonging to the former Soviet Union will be affiliated to the CIS summit.

Specific issues will be handled by a joint committee comprising the 11 CIS defence ministers, Russian President Boris Yeltsin told a joint press conference after the one-day inaugural summit.

Eight CIS states did agree to place their conventional forces under a similar unified command.

But Ukraine, Azerbaijan and Moldova insisted on maintaining independent conventional forces, Yeltsin said.

Former Soviet Defence Minister Yevgeny Shaposhnikov is to remain as commander-in-chief of the joint forces for the time being.

The summit, which ended here tonight, did not touch upon specific economic issues, but leaders exchanged views on the principles and speed of economic reforms, Yeltsin said.

Ukrainian President Leonid Kravchuk said that no joint economic decision had been made because all CIS members were independent states.

Belarussian leader Stanislav Shushkevich added that none of the CIS states should impose its will on the others over economic questions.

Kazakh President Nursultan Nazarbayev said the economic problems of each state should be resolved according to individual circumstances.

Kazakhstan had its own privatization plan, he said.

In other developments, another key agreement was reached over the establishment of the commonwealth's administrative organs, including a council of presidents and a council of prime ministers.

CIS leaders also agreed to form a coordinative committee to monitor the distribution of foreign food aid to CIS member states based on a quota mechanism.

One other decision concerned the issuing of a 1,000 rouble note by the end of January.

The commonwealth was initiated by the leaders of Russia, Ukraine and Belarus on December 8.

These three were joined by eight more former Soviet republics on December 21.

Only Georgia and the Baltic states have refrained from joining the new union.

The nuclear button is now in the hands of Russian President Yeltsin and the commonwealth's interim Defence Minister Shaposhnikov following the Christmas Day resignation of former Soviet President Mikhail Gorbachev.

Sign Set of Agreements

OW3112034891 Beijing XINHUA in English
0318 GMT 31 Dec 91

[Text] Moscow, December 30 (XINHUA)—Commonwealth heads of state signed a series of agreements today after a summit marked by tough negotiations, the TASS News Agency reported.

Nine accords between the sovereign states and six government documents were eventually signed at this first summit of the Commonwealth of Independent States (CIS) in Minsk.

The agreements related to the establishment of a council of state heads and a council of government heads, a deal on strategic forces, the issue of border troops, aviation, space research, transport links and tariffs.

The leaders also signed agreements on the setting up of a commonwealth television and radio company and a distribution system to handle foodstuffs purchased with foreign credits in 1992.

The participants did not discuss a commonwealth charter since many considered it to be a return to centralized management.

Russia agreed to host the next CIS summit, TASS said.

Yeltsin: Setting Up CIS Army To Take 'Years'

OW3012175191 Beijing XINHUA in English
1603 GMT 30 Dec 91

[Text] Minsk, Belarus, December 30 (XINHUA)—Russian President Boris Yeltsin said here today that the formation of armed forces of new Commonwealth of Independent States (CIS) may take years.

Yeltsin, who is here to attend a meeting of heads of the 11-member CIS, said 1992-1995 should be transitional as for the formation of the CIS armed forces because "this is too large an outfit—more than three million people—and it is impossible just to disband them at one go," TASS reported.

Yeltsin said the question of the Black Sea fleet would also be discussed at the meeting.

Historically the Black Sea fleet had always been Russia's, Yeltsin said. "But, probably, Ukraine also has a right to claim some part of the Black Sea fleet," Yeltsin added.

"I think that, upon taking counsel with Ukraine and other states, we shall somehow decide on the issue so as not to encroach upon the interests of one another," Yeltsin said.

Yeltsin said leaders at the Minsk meeting would also be discussing situation in Nagorno-Karabakh, adding that they would "undoubtedly go ahead with our mediatory mission."

Asked about Russia's reaction to the introduction of coupons in Ukraine, Yeltsin said "this is the right of every independent state.

"We do not intervene in this," he said.

Commenting on a statement by Ukrainian President Leonid Kravchuk that a common rouble space is "fiction," Yeltsin said that an agreement to this effect had been reached in Alma-Ata and still remained valid.

Russia To Implement Privatization in 1992

OW3012180391 Beijing XINHUA in English
1742 GMT 30 Dec 91

[Text] Moscow, December 30 (XINHUA)—Russia is to implement privatization plans from the next year as a "key measure to avoid social instability," Vice President Egor Gaidar said here today.

Russian President Boris Yeltsin Sunday signed a decree on accelerating the process of privatization.

Gaidar told a press conference the wholesale and retail business, public catering and life services and all the

farm enterprises except for those run by the state would go private in the first three quarters as the first step.

The second step, involving the privatization of road transportation, construction and small firms in the food and light industries, would be taken in the later half of the year of 1992, Gaidar added.

Gaidar noted that the main measure to implement private ownership of businesses and services is to convert them into stock companies and then sell the stocks or simply sell these firms by auction.

Nearly 90 percent of the firms will be sold by auctions, he said.

It was estimated that the privatization plans would increase the government's revenues by 92 billion rubles. About 20 percent of the incomes would serve social facilities, Gaidar said.

The Russian Parliament passed the privatization law last summer. However, the government failed to really carry out the law because of the lack of normal basics and definite aims and clearly-defined programs.

Russia, Armenia Sign Friendship, Security Treaty

OW2912193991 Beijing XINHUA in English
1636 GMT 29 Dec 91

[Text] Moscow, December 29 (XINHUA)—Presidents of Russia and Armenia signed here today a treaty of friendship, cooperation and security.

Russian President Boris Yeltsin told reporters after the signing ceremony that the treaty gives "special attention" to the observance and guarantee of human rights and liberties and to economic interaction, TASS News Agency reported.

Yeltsin said a number of specific economic agreements would be concluded, and Russia could give economic support to Armenia.

Regarding the Armenian-Azerbaijani conflict, Yeltsin said that "efforts will be made to advance towards the solution to this problem" at a summit meeting of the eleven-member Commonwealth of Independent States to be held in Minsk on Monday.

Armenian President Levon Ter-Petrosyan said the signing of the treaty was "a truly historic event."

"For the first time in 300 years Russia and Armenia got down to a negotiating table as equal partners," he added.

"In addition to strengthening our relations, the treaty can become a stabilizing factor in Transcaucasia and in the Middle East," Ter-Petrosyan said.

XINHUA Reviews Moscow's 'Extreme Difficulties'

OW3012164691 Beijing XINHUA in English
1404 GMT 30 Dec 91

["Feature" by Ju Mengjun]

[Text] Moscow, December 30 (XINHUA)—As New Year's Day approaches, Muscovites are seen standing in long queues in front of food shops braving heavy snow and biting cold.

The Red Square, which had witnessed the rise and fall of the Soviet Union, witnessed the lowering of the "hammer and sickle" flag, which had flown over the Kremlin for 69 years, in darkness at 19:38 (Moscow time) on December 25.

However, people from various parts of the former Soviet Union still come to the Red Square to visit the Lenin Mausoleum to pay their respect to the founder of the Soviet Union.

"To my disappointment, the country founded by Lenin has simply ceased to exist and the Moscow we used to be proud of is no longer the capital of the various ethnic nationalities," an old woman from a Kyrgyzian pastoral area said.

In the former Soviet Foreign Ministry "more than 3,000 staff members are waiting for new jobs since the Russian Foreign Ministry will take only 300 of them," a friend told me.

Local newspapers reported that with the dissolution of some 80 former Soviet ministries, 36,000 employees had joined the enormous army of job-seekers.

On the former Gorky Street, a thermometer read minus 13 centigrade. A short distance away, some 50 people were still waiting patiently in front of a food shop.

These days, shortage of food has become the central topic. Many housewives are on the run from morning to dusk, trying to grab hold of whatever food available, such as milk, meat, eggs and bread.

In Moscow's biggest food shop on Arbat Street, supplies of provisions sold at contract prices still could not meet the demand. Here, eggs are at 12 rubles for 10, fat pork is at 43 rubles per kilo, butter at 120, and sausage at 129.

The banknote-printer of the Soviet Union which has been taken over by Russia keeps rolling around the clock churning out notes with denominations of 200, 500 and 1000 rubles.

However, the fast printing of notes has in turn led to runaway inflation.

A western-style men's suit now costs 2,400 rubles, 12 times its original price. A women's overcoat produced only earlier this month with a marked price of 2,400 rubles, now sells at 2,700 rubles. A young man paid 310

rubles for a bottle of brandy, the marked price of which is only 23 rubles 80 kopeks.

Reports said salary rises of wage-earners cannot keep pace with the spiraling inflation. The real income of the Muscovites in 1991 suffered a loss of 31 percent.

Experts predicted prices would rise by 100 to 150 percent after prices are liberated from January 2.

When night was falling, I came to a free market, where I saw plenty of goods and foods, only at breathtaking high prices: pork and beef at 120 to 150 rubles per kilo and cucumbers 110 rubles. Even the price of potatoes had shot up to 25 rubles a kilo.

In the shopping crowds, an old woman with a walking stick was holding out her hand begging. She said her retirement pension reached only 205 rubles after the recent rise.

Mothers feel ill at ease as they cannot find candies for their children and fathers are dismayed at the exorbitant price of vodka....

In his New Year speech, Russian President Boris Yeltsin admitted, "We are entering 1992 with extreme difficulties."

Uzbek Elections Retain Karimov As President

OW3012174991 Beijing XINHUA in English
1705 GMT 30 Dec 91

[Text] Moscow, December 30 (XINHUA)—Islam Karimov on Sunday easily retained his presidency in Uzbekistan's first election by universal suffrage by winning 86 percent of the votes.

Karimov, 52, a member of the Uzbek People's Democratic Party (the former Communist Party), became first secretary of the Central Committee of the Uzbek Communist Party in 1989.

Karimov took over as president of the Central Asian republic on March 24, 1990.

Northeast Asia

'Analysis' Discusses Japan's Military Influence

OW2912051691 Beijing XINHUA Domestic Service
in Chinese 2131 GMT 27 Dec 91

["News Analysis" by XINHUA reporter Zhu Ronggen (2612 2837 2704): "A Look at Japan's 'Super Power Diplomacy' Through the Bill on Sending Self-Defense Force Overseas"]

[Text] Tokyo, 28 Dec (XINHUA)—Japanese diplomacy underwent major readjustments in 1991. During this year, Japan began to give clear indications of its intention to expand its international influence from economic to political and military fields.

Last year, Japan began to pursue "super power diplomacy." In view of the U.S. decline in national strength, the radical changes in the Soviet Union, and the multipolarization of the global structure, Japan sensed that its economic, scientific, and technological clout had increased in dealing with international affairs. Japan felt that conditions were ripe for the nation to turn its economic influence into a political one and, backed by its military might, lift itself into the ranks of "political super powers," thereby becoming "world first class."

Based on this idea, in the past year the Japanese Government has carried out a flurry of diplomatic activities. Former Prime Minister Toshiki Kaifu visited the United States in April and July, nailing down the "global partnership" between the two countries. Kaifu then went to the United Kingdom and the Netherlands. He reached agreement with the European Community [EC] on the Japanese-European Joint Declaration, increasing Japan's ties with Europe in political, economic, and cultural fields. After Mikhail Sergeyevich Gorbachev, former president of the Soviet Union, made a trip to Japan in April, Japanese-Soviet relations were improved.

Asia saw even more active Japanese diplomacy in 1991. Kaifu visited South Korea in January and the five member nations of the ASEAN at the turn of May, indicating clearly for the first time that Japan wanted to play a "political role" in Asia. In August, Kaifu paid a visit to China, fully restoring Japan's relations. Immediately afterward, he went to Mongolia as the first Japanese Prime Minister to visit the country since World War II.

To pursue its "super power diplomacy," Japan "not only gives money but also offers personnel, materials, and expertise" in its aid to foreign countries. In recent years, many a heated debate has taken place in Japan over such major issues as whether Japan should send its Self-Defense Force [SDF] overseas as part of its "personnel contribution" to the international community, and whether sending troops overseas violates Japan's post-World War II peaceful constitution.

The Japanese Government had repeatedly pledged that it would keep to the principle of "defense only" and "would never become a military super power that may threaten other nations," emphasizing its international role "was limited to a nonmilitary one only." After the Gulf crisis broke out in early August last year, the Japanese Government offered large amounts of economic aid in a bid to help solve the Mideast crisis. The ruling Liberal Democratic Party [LDP] also hastily drew up a so-called "UN Peaceful Cooperation Bill" in an attempt to dispatch SDF personnel to the Gulf region, however. Japan's post-World War II constitution clearly renounces war and collective self-defense as sovereign rights, thereby banning the dispatch of troops overseas. The bill was killed on 1 January due to a resolute boycott

from major opposition parties, the objection of most Japanese citizens, and the concerns of Japan's neighboring countries.

In April this year, a "mine-sweeping fleet" of the Japanese Maritime Self-Defense Force set out for the Gulf in the name of "maintaining the safety of maritime passageways." The 13,000-km journey took four and a half months. The move, in effect, broke the constitutional ban on sending the SDF overseas.

Since August, the LDP, in cooperation with Komeito, the second largest opposition party, has twice introduced the so-called "UN Peacekeeping Operations Cooperation Bill" to the Diet, calling for deploying troops overseas. The Social Democratic Party of Japan—the largest opposition party—and the Japan Communist Party strongly opposed the bill. In a debate at the end of November, the sides even got into a physical fight. At a plenary session of the House of Representatives on 3 December, the LDP and Komeito passed the bill with the sheer strength of their joint majority and sent the bill to the House of Councillors for deliberation. Because the Diet session ran out, a rift appeared in the "alliance" between the LDP and Komeito, and many Japanese citizens expressed their strong opposition, the bill was again aborted and shelved.

For many years the Japanese have engaged in fierce debates over what strategy or direction the nation should adopt to match its increased economic, scientific, and technological strength, as well as what methods and channels the nation should use to make contributions to the international community. One view calls for upholding the peaceful constitution, pursuing peaceful development, and contributing to peace and prosperity in the world through economic and other nonmilitary means. The other view calls for revising the constitution or making a broader interpretation of the constitution to break limitations and bans, expand military forces, and build a rich and powerful nation.

The debate over the bill on sending troops overseas has not yet closed. In the wake of the success in sending the mine-sweeping fleet to the Gulf, a sizable number of people in the Japanese Government are determined to use the favorable changes in domestic and global situations to turn the bill into a law, making it a "stepping stone" on the way to a political super power.

Watanabe Talks About Ties Prior To Visit

OW2912020591 Beijing XINHUA Domestic Service
in Chinese 1252 GMT 28 Dec 91

[By reporters Zhu Ronggen (2612 2837 2704) and Ma Xinghua (7456 5281 5478)]

[Text] Tokyo, 28 Dec (XINHUA)—In an exclusive interview with XINHUA reporters at the Foreign Ministry today, Japanese Vice Prime Minister and Foreign Minister Michio Watanabe said that Japanese-Sino ties are

"an important pillar in Japan's diplomacy" and can exert a great influence in maintaining world peace and stability.

Watanabe, who became Japan's vice prime minister and foreign minister in November this year, will pay an official visit to China from 3 January next year.

Watanabe said that will be his first official visit since assuming the post of foreign minister and is also the first time a member of the Miyazawa cabinet has visited China. "This shows that our country has attached great importance to the friendly and cooperative ties with China, regarding them as an important pillar in Japan's diplomacy."

He said that, during his China visit, he will meet with Chinese leaders, brief them on the Miyazawa cabinet's China policy, and exchange views with them on bilateral relations, the international situation, and issues of common concern.

Watanabe said: "Next year marks the 20th anniversary of the normalization of Japanese-Sino diplomatic relations. I hope my visit to China will be significant and will make a good beginning for the celebrations."

Watanabe said that next year the two countries will carry out a series of celebration activities such as visits by high-ranking leaders of the two countries, cultural exchanges, and exchanges by young people.

Speaking on prospects of the development of Japanese-Sino relations, Watanabe said that Japan holds that 1992, which marks the 20th anniversary of the normalization of diplomatic relations between the two countries, is significant because it is like a "new bridge" toward the 21st century. He expressed the hope that 1992 would enable Japanese-Sino relations to develop steadily and lead to the establishment of a solid relationship.

He said: "Stable Japanese-Sino relations are indispensable for promoting peace and prosperity in the Asia-Pacific region."

He said that Japan would continue to support China's reform and opening policy and would promote coordination with the international community. Japan would also continue dialogues with China on issues of arms control, arms reduction, and environmental problems.

Watanabe said that Japanese-Sino relations are not only purely bilateral or regional relations but also important relations exerting a great influence on peace and stability in the international community.

Miyazawa Writes on Friendly Bilateral Relations

OW2712210691 Beijing XINHUA Domestic Service
in Chinese 1231 GMT 26 Dec 91

[Text] Tokyo, 26 Dec (XINHUA)—In a New Year message carried by the 1 January issue of "JAPAN AND

CHINA," the official organ of the Japan-China Friendship Association that published ahead of schedule, Japanese Prime Minister Miyazawa expresses confidence that the Japanese-Chinese relations will definitely make additional progress in the future.

In his message, Prime Minister Miyazawa says: Next year will be the 20th anniversary of normalization of diplomatic relations between Japan and China. If we draw an analogy for man, next year will be his first year of adulthood. He says: After 20 years of a tortuous road, Japanese-Chinese relations have virtually reached a stage that is as stable as an adult. From this perspective, the New Year will be a year of Japanese-Chinese relations in its true sense.

Miyazawa says: He has come to know that both Japan and China are planning various activities to mark the 20th anniversary of normalization of relations. He believes that through these activities, Japanese-Chinese relations will certainly make additional progress in the future.

Prime Minister Miyazawa praises the Japan-China Friendship Association for its great success in promoting friendly relations between Japan and China over the past years. Miyazawa maintains: To establish stable Japanese-Chinese friendly relations, it is important to conduct daily interactions in a down-to-earth manner, as practiced by the Japan-China Friendship Association. Miyazawa expresses the hope that all members of the association will focus their unprecedented enthusiasm and efforts for the establishment of new Japanese-Chinese friendly relations.

Sino-Japanese Joint Venture Makes Large Profits

OW2812125191 Beijing XINHUA in English
0928 GMT 28 Dec 91

[Text] Shanghai, December 28 (XINHUA)—The Mitsubishi Elevator Co. Ltd., a Sino-Japanese joint venture in Shanghai, China's largest industrial city, increased its industrial output value and sales volume by 54 percent and 44 percent respectively in the first ten months this year compared with the same period of last year.

Meanwhile, the company increased its export and profit volumes by 66 percent and 51 percent respectively.

The firm went into operation in January, 1987 and made 35 million yuan of gross profits in the first three years, 6.3 times that of the planned figure. And 15.75 million yuan of net profits were re-invested in the company.

As a result, the firm's production capacity in the past two years is up and the company's sales volume reached 315 million yuan, 1.37 times the planned figure. Profits amounted to 32.55 million yuan, 3.1 times the expected figure.

Liaoning Governor Talks to Japanese Reporters

OW2912024591 Beijing XINHUA in English
0128 GMT 29 Dec 91

[Text] Shenyang, December 29 (XINHUA)—Northeast China's Liaoning Province, a heavy industrial base, will play a big role in Northeast Asian economic co-operation.

Provincial Governor Yue Qifeng made this remark in an interview with Japanese reporters.

The province's four open ports of Dalian, Dandong, Yingkou and Jingzhou have established economic and trade relations with over 140 countries and regions, he pointed out.

Liaoning is endowed with over 115 kinds of mineral resources. agricultural and sideline products are also abundant, including rice, corn, aquatic products, fruits, ginseng and pilose antlers, Yue said.

It also has over 30,000 industrial enterprises, with large- and medium-sized state-owned enterprises accounting for one tenth of the country's total.

In addition, the province has a high-quality labor force of nearly 10 million skilled workers and 1.34 million technicians.

The governor said that the province can play a pivotal role in Northeast Asian international economic co-operation with its experience gained from opening to the outside world over the past 12 years, convenient transportation facilities and sound foreign trade ties with countries and regions all over the world.

However, he noted that the province also faces some problems, such as shortage of funds and advanced technology and equipment.

Yue expressed the hope that these problems can be solved through Northeast Asian international economic co-operation.

Southeast Asia & Pacific

Khieu Samphan Arrives in Phnom Penh for Meeting

OW3012050091 Beijing XINHUA in English
0436 GMT 30 Dec 91

[Text] Phnom Penh, December 30, (XINHUA)—Khieu Samphan, member of the Supreme National Council (SNC) of Cambodia from the Khmer Rouge side arrived here today to attend a meeting of a national reconciliation body.

He proposed earlier today in Bangkok, Thailand, that 1,000 UN peacekeeping forces arrive in phnom penh during early January.

Khieu Samphan, who was driven out of Phnom Penh by a mob last month, and Son Sen cancelled a second planned return on December 21.

By the end of that day street battles in Phnom Penh between police and rioters had left at least three people dead, wounded dozens and again thrown the peace plan into jeopardy.

Hainan To Increase Trade Ties With Vietnam

HK3012115291 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0720 GMT 24 Dec 91

[Text] Haikou, 24 Dec (ZHONGGUO TONGXUN SHE)—Hainan Province, China's largest special economic zone, will strengthen its economic and trade cooperation relations with Vietnam. This was revealed to press circles by a Hainan Provincial Government official after attending the recent Hainan 1991 Foreign Economic and Trade Discussion Meeting.

The official said that next year Hainan must do four things properly as it develops economic and trade relations with Vietnam: First, organize a comprehensive delegation to go to Vietnam for inspection; second, send some foreign trade companies to Vietnam to carry out trade talks; third, restore chartered flights and shipping to Vietnam; fourth, set up a trade office in Vietnam's Ho Chi Minh City.

Vietnam's entrepreneurs and businessmen who came to Hainan to participate in the foreign economic and trade discussion meeting have already reached agreement with Hainan to cooperate in establishing a coconut juice factory, in pooling funds to establish a factory to assemble and produce cars for agricultural use, and in several other investment projects, such as developing tourism in Vietnam and some trade agreements. The amounts involved in investment and trade totalled \$20 million.

Government Exports Loader Technology to Indonesia

OW2812033291 Beijing XINHUA in English
0248 GMT 28 Dec 91

[Text] Nanjing, December 28 (XINHUA)—China recently exported an assembly line with an annual production of more than 1,000 loaders to Indonesia—the first time the country has exported loader production technology.

The line was manufactured by the Changzhou Forestry Industrial Machinery Factory—China's major producer of wheel loaders. The factory leads the industry in terms of product variety, quality, fulfillment of major economic and technological quotas, and export income.

In early 1980, engineers at the factory designed China's first mechanical loader assembly line.

The line, which cost over 700,000 U.S. dollars, produces loaders ranging in size from 1.5 tons to seven tons. In

addition, the line has the capacity to assemble most other wheel type equipment.

Since Chinese made mechanical loaders entered the international market in 1988 the factory has sold its products in more than 20 countries and regions, including Europe, the United States, southeast Asia and Africa. The company's export volume accounts for over one-third of the country's total exports of such equipment.

Writers Delegation Ends Two-Week Visit to Burma

OW2512120391 Beijing XINHUA in English
1036 GMT 25 Dec 91

[Text] Yangon, December 25 (XINHUA)—A five-member Chinese writers delegation left here for home this afternoon after a two-week visit to Myanmar [Burma].

During their stay here, the Chinese writers exchanged experiences with their Myanmar counterparts.

In the capital of Yangon, the delegation visited the national museum and the well-known Shwedagon Pagoda (Dajinta) which has a history of over 2,500 years.

The Chinese writers also visited Bagan, Mandalay, Taunggyi, Bago and other places.

Yang Shangkun To Visit Singapore, Malaysia

OW2612054291 Beijing XINHUA in English
0323 GMT 26 Dec 91

[Text] Beijing, December 26 (XINHUA)—Chinese President Yang Shangkun will pay a state visit to Singapore and Malaysia from January 7 to 14, 1992, a spokesman for the Chinese Foreign Ministry announced here today.

President Yang will be the guest of president of the Republic of Singapore Wee Kim Wee and supreme head of state of Malaysia Sultan Azlan Shah.

Near East & South Asia

Nuclear Cooperation Accord Signed With Pakistan

OW3112084691 Beijing XINHUA in English
0828 GMT 31 Dec 91

[Text] Beijing, December 31 (XINHUA)—China and Pakistan signed a contract for nuclear power cooperation here today, according to which China will export a 300,000-kilowatt nuclear power plant to Pakistan.

Jiang Xinxiong, general manager of the China National Nuclear Corporation (CNNC), and Ishfaq Ahmad, chairman of the Pakistan Atomic Energy Commission, signed the contract here at noon.

Chinese Premier Li Peng attended the signing ceremony after he met with the Pakistan delegation in Beijing to attend the ceremony.

According to a CNNC official, the co-operative project was decided in principle by the prime ministers of China and Pakistan in November 1989, and final agreement was reached after many times of friendly discussions between the economic and technological experts of the two countries.

The recent 23rd meeting of the Seventh National People's Congress Standing Committee reviewed and ratified China's participation in the Nuclear Non-Proliferation Treaty. Li Peng told the Pakistan delegation during their meeting.

The contract is a new content of economic and technological co-operation between China and Pakistan, Li said. "It is totally for peaceful purposes" and will promote the economic growth of Pakistan and benefit the Pakistan people by developing nuclear energy, he noted.

Li said that the two sides have agreed that the project will be secured by the International Atomic Energy Agency.

Li also expressed the belief that the project would be a success with the common efforts of Chinese and Pakistan engineers and technicians.

Minister of State of Pakistan A.G.H. Qazi, who is head of the Pakistan delegation, conveyed the regards of Pakistan Prime Minister Mian Nawaz Sharif to Li Peng and thanked Li for his concern about the project.

Qazi reiterated that the construction of the nuclear power plant is totally for peaceful uses.

He said that he is pleased to know that China's Qinshan Nuclear Power Plant is a success and he believed that the plant in Pakistan would also succeed.

Military Technology Exchange With Israel Alleged

HK3112061791 Hong Kong CHENG MING in Chinese No 171, 1 Jan 92 p 17

["Reference News" article by Kao Fei (7559 7378): "Communist China 'Has Secret Communication' With Israel"]

[Text] According to a senior military cadre in Beijing, the military personnel of China and Israel secretly came into frequent contact with each other between January and November 1991. The Central Military Commission, the Defense Ministry, the Commission of Science, Technology, and Industry for National Defense, and some military academies of China successively received 15 groups of senior Israeli military officers and military scientific and technical personnel. For its part, China sent at least eight groups of military officers and economic and trade officials to visit Israel via Europe.

The senior officer added: The Chinese military authorities were very interested in some advanced weapons and military equipment produced by the United States and France and used by Israel. They included the antitank

helicopters, the "Patriot" missiles that can accurately intercept attacking missiles, and the "Tomahawk" missiles that achieve a high targeting rate. The Israeli side was also interested in the weapons and the "MiG" fighter planes that China had supplied to the Middle East countries.

Reportedly, such important military and government leaders as Yang Shangkun, first vice chairman of the Central Military Commission; Liu Huaqing, vice chairman of the Central Military Commission; Yang Baibing, secretary general of the Central Military Commission; Defense Minister Qin Jiwei; Chief of General Staff Chi Haotian; State Council Premier Li Peng; and Wu Xueqian, vice premier of the State Council secretly met with high-level military delegations of Israel many times. The Israeli "guests" also visited some military industrial facilities in Shaanxi and Sichuan and watched military exercises which used live ammunition.

In the past, the CPC authorities had always rejected and condemned Israel and had consistently denounced Israel as sworn enemy. China even refused to participate in sports events with Israel. Prompted by the pragmatism, however, the Chinese authorities nonetheless made secret deals with Israel!

RENMIN RIBAO Reviews Arab-Israeli Talks

HK3012034991 Beijing RENMIN RIBAO in Chinese 22 Dec 91 p 6

["Roundup" by staff reporter Zhang Qixin (1728 0796 2500): "Arab-Israeli Talks Progress With Difficulty"]

[Text] Washington, 18 Dec (RENMIN RIBAO)—The second round of the Arab-Israeli bilateral talks ended on 18 December.

Opened in Washington on 10 December, this round of talks lasted six days. In a positive sense, the talks have enabled all the Arab and Israeli parties to meet and talk for the first time in the past 40 years or so. But, as viewed from the development that has been made so far, the talks have been progressing with great difficulty, and no substantial results have been scored.

According to the agenda, the talks were to be held along three lines. The Syrian-Israeli talks and the Lebanese-Israeli talks have actually already entered the discussion of substantive issues; while the talks between the Jordanian-Palestinian and the Israeli delegations are still hindered by the disputes over procedural matters and thus have not officially begun.

The focus of disputes between Syria and Israel rests on the Golan Heights issue. During the talks, the Syrian side announced that they were ready to exchange peace for their lost territory; therefore, they put forth the principle of "withdrawal before talks." The Syrian side held that, according to Resolution No. 242 of the UN Security Council, Israel must immediately and unconditionally withdraw from Golan Heights, which it occupied; and

after that, Syria will discuss the specific terms for reconciliation with Israel. Public opinion here agrees that in openly putting forth the slogan of "exchanging land for peace," the Syrian delegation head has offered a new idea and taken a step forward. Unfortunately, the Israeli side, which insists on the principle of "peace before talks," declared they are not going to discuss any issues related to the Golan Heights with Syria unless the latter has expressed its will to sign a peace treaty with them and to recognize the legitimate existence of Israel. The American press believes the Israeli authorities' intention declared thus far does not indicate that Israel is ready to give up the Golan Heights, which is of strategic value.

The main theme of the discussion between Lebanon and Israel is on the "safety strip" in South Lebanon currently under Israeli occupation. During the talks, the Lebanese side proposed a plan for Israel to pull out from South Lebanon. The Israeli side, while declaring that it has no ambition for the Lebanese territory, tried to drive a hard bargain, under the pretext that they need to safeguard the "security" of north Israel.

The negotiations between Jordan and Palestine on the one side and Israel on the other have been stuck by procedural matters since the very beginning. The Jordanian and Palestinian side has suggested that Jordanian-Israeli talks and Palestinian-Israeli talks be held separately. The Palestinian delegation holds that the Palestinian-Israeli and Jordanian-Israeli talks are focused on different issues according to the principle of "double-track" negotiations, therefore the talks should be held separately. But the Israeli side has insisted that it would only hold talks with a Jordanian-Palestinian joint delegation. The Israelis hold that as Palestine is not a "separate entity," the Palestinian issue can only be settled within the Jordanian framework. Having argued for several days, the Palestinian delegation gave a new compromise offer, namely, the heads of the three delegations of Jordan, Palestine, and Israel first hold a "rapid meeting" or the three delegations hold a joint meeting, then they will switch over to the "double-track" talks at which stage large-scale talks will possibly be opened only on matters concerning all the three sides. The Israeli delegation on its part also put forth a counterproposal, namely, the three delegations first hold a plenary meeting, then they will switch over to group discussions on specific issues, and after that another plenary meeting will be held. The substantial difference between the two proposals lies in that Israel refuses to recognize Palestine as an independent entity, insisting that Palestine is a part of Jordan and the Palestinian delegation is merely a part of the joint delegation; while Palestine emphasizes that it is an independent nation and the Palestinian delegation a single entity, although it does not object to the joint delegation structure. Because of the two sides' different basic view points, the Jordanian, Palestinian, and Israeli sides have not been able to reach a consensus.

It is reported that the next round of the Arab-Israeli talks is scheduled for early January next year, but the venue for talks has not yet been set.

Analysts here believe the talks still have a long way to go, since the longstanding differences of opinion between Arab countries and Israel are not likely to be resolved overnight.

'Year-End' on India's 1991 Foreign Policy

OW3112094991 Beijing XINHUA in English
0750 GMT 31 Dec 91

["Year-End" by Mi Ligong: "Economic Thrust Indicated in India's Foreign Policy"]

[Text] New Delhi, December 31 (XINHUA)—The Indian Government headed by P.V. Narasimha Rao has given an economic thrust to diplomacy to cope with the changing global economy since its assumption of power in June.

The new diplomatic initiatives are aimed at meeting opportunities in the changing world and advocating a just and fair environment suitable for development of economy in the government's drive to liberalize its economy.

Under this policy, Indian diplomatic missions abroad have been told to step up their activities in identifying target areas to attract foreign investment and technology flows, finding export markets and undertaking commercial publicity.

High-level visits of both government departments and private trade and business delegations were sent abroad one after another during the year to seek investment and trade opportunities.

A detailed program of workshops and seminars in selected countries were initiated. The first one was materialized in Singapore in October and described by Indian businessmen as a "grand success."

Minister of State for External Affairs Eduardo Faleiro in October singled out the Association of Southeast Asian Nations (ASEAN) countries, the Gulf and the European communities as the main areas to intensify economic and trade cooperation.

India received positive response from Singapore towards its proposal for India-ASEAN cooperation. And efforts will be made to get a similar attitude from other member countries, according to high-ranking diplomats.

During the year, Indian has been involved in closer contacts with Germany than with any other West European countries. This year's first state-level visit to India in February was made by German President Richard von Weizsaecker and the first foreign country Rao visited as prime minister in September was Germany.

Weizsaecker assured India that his country will do all it can to ensure that the single European market provides additional opportunities for India. A number of other European countries also favor India's stand for cooperation. Rao said in December that the prospects for India to get an entry into the big European market are bright.

India appeared to be ready to grasp any economic and trade opportunities created with the disintegration of the Soviet Union. The government had already been in the process of arrangement for economic and commercial cooperation with various republics of the Soviet Union when it formally accorded its recognition to their independence on December 26.

Chinese Premier Li Peng's visit to India in December has been regarded by both sides as "an important milestone" in the bilateral relations. Both Li and Rao said that friendly relations between the two countries are of importance to peace and stability in Asia and the world as a whole.

The past year also saw that India's relations with other neighbors, particularly Bangladesh, Bhutan and Nepal, further improved or strengthened through mutual efforts.

As a result of enjoying improved relations with the neighbors, as some local economists said in articles, New Delhi sees both an atmosphere more suitable than before for economic cooperation within the region and a relatively stable environment conducive to economic development in India itself.

Being aware of the potentials for cooperation within South Asia, India has been advocating regional trade and economic cooperation through the South Asian Association for Regional Cooperation (SAARC).

At the sixth SAARC summit held in Colombo in December, Rao urged a "collective economic security system" and a relaxation of trade barriers within SAARC.

So far as the new world order is concerned, India favors an equitable, just and fair international economic environment. It renewed its call from time to time at various international gatherings for South-South and North-South cooperations, stressing that development is the top priority for developing countries.

India opposes the practice by developed countries to resort to the issue of democracy and human rights as the precondition for rendering economic and financial assistance to developing countries.

Rao told the Commonwealth summit in Harare, Zimbabwe, in mid-October that "democracy cannot progress or be strengthened unless the pressing problems facing the people of developing countries are solved."

India also made a strong reaction to being blacklisted by the United States in the special 301 trade provision in April in view that Washington's demand for India to

change its patent laws will harm the country's domestic industries. Efforts are still being made to negotiate a way out of the stalemate.

The special 301 provision under the U.S. Trade Law of 1988 is a law permitting the U.S. to take retaliatory trade action against countries it believes to have given insufficient protection to intellectual property rights.

Observers here noted that although the months-old economic drive in India's diplomacy has not yet borne big fruits, there is a tendency for it to develop. As Prime Minister Rao said in early December, an economic thrust is very much needed in the country's foreign policy.

Tunisian Ambassador Presents Credentials to Yang

*OW2812035591 Beijing XINHUA in English
0303 GMT 28 Dec 91*

[Text] Beijing, December 28 (XINHUA)—Newly-appointed Tunisian ambassador to China Mohamed Habib Kaabachi presented his credentials to Chinese President Yang Shangkun here today.

The ambassador arrived in Beijing Tuesday.

Correction to Report on Iran's Economic Problems *CM3112164791*

The following correction pertains to the item headlined "Report on 'Difficulties' Facing Iran's Economy" published in the 30 December China DAILY REPORT, page 15:

Column one, make subslug read: "Year-End" by Li Hongqi: "Iran's Economic Liberalization Continues With Difficulties." (supplying additional material)

Sub-Saharan Africa

Qian Qichen To Begin African Tour 8 Jan

*OW2912084691 Beijing XINHUA in English
0836 GMT 29 Dec 91*

[Text] Beijing, December 29 (XINHUA)—At the invitation of the Governments of Mali, Guinea, Senegal, the Cote d'Ivoire, Ghana and Namibia, Chinese State Councillor and Foreign Minister Qian Qichen will pay an official visit to the above-mentioned six countries starting from January 8, 1992.

This was announced by a Foreign Ministry spokesman here today.

During the visit, the spokesman said, Qian will exchange views with the foreign ministers and other leaders of the six countries on the current international and African situation, the bilateral relations and other issues of common concern, for the promotion of mutual understanding and friendship.

Political & Social

Yang Shangkun Addresses Foreigners on New Year

OW3112021491 Beijing XINHUA Domestic Service
in Chinese 2132 GMT 30 Dec 91

["New Year Address" by President Yang Shangkun to "Overseas Listeners of the China International Broadcasting Station"; date not given]

[Text] Beijing, 30 Dec (XINHUA)—Ladies, gentlemen, and friends:

At the beginning of a new year, I wish, through the China International Broadcasting Station, to extend cordial greetings to our overseas friends and wholeheartedly wish you a happy new year, happiness for your whole family, and for everything to be well with you.

Friends, the past year of 1991 was an unusual year for China. In the face of a rapidly changing international situation and serious flooding at home, our people have displayed their firm faith; our nation has demonstrated an extremely strong cohesive force; and our country has maintained political stability and social development. We have scored tremendous achievements in economic construction, and the growth rate of our gross national product was more than 6 percent. Agriculturally, 1991 was the second highest output year, with the grain production reaching 435 million metric tons; industrial production went up again in an all-around way, and the output value of village and town enterprises in particular, topped 1,000 billion yuan. Market supplies at home are adequate, sales are brisk, and prices are stable. Foreign enterprises that have invested in China now number more than 10,000, and the amount of foreign funds to be invested under agreements is more than \$10 billion. Foreign trade has expanded considerably, and our foreign exchange reserves have increased. The 1.1 billion Chinese people live and work in peace and contentment, and all undertakings are thriving.

In the past year, our country has further consolidated and developed its good-neighborly and friendly relations with neighboring countries, strengthened its friendly and cooperative relations with developing countries in other regions, and noticeably improved its relations with Western countries. Our country has played an important role in world affairs, and its international status has improved with each passing day. We have friends all over the world.

We have been able to score such success mainly because we have unservingly implemented the policies of reform and opening to the outside world. Many friends once worried about whether or not China would continue to carry out reforms and open to the outside world. I can tell you all that because reform and opening to the outside world have brought tremendous progress and development to China, we have no reason whatsoever to stop the efforts to carry out reform and opening to the outside world; we will only speed up our pace and do a better and more solid job in this regard. Seeing a bright

future for our country and nation from this great practice, the people of our country are confidently building a beautiful life for themselves.

China proceeds with its policy of reform and opening to the outside world under the premise of maintaining social stability. No nation in history has ever succeeded in its reform while going through turmoil. We will actively press ahead with our economic and political reforms, develop socialism with Chinese characteristics, and ensure lasting order and peace in China once and for all. Stability in China has a significant bearing on the Asia-Pacific region and the whole world; more and more people have come to understand this.

Dear friends, the Chinese have always enjoyed the understanding and support of people all over the world in our efforts to modernize our country. I would like to take this opportunity to express my sincere appreciation to friends in various nations that have supported and helped China, including, of course, you ardent listeners. In particular, I would also like to offer my heart-felt thanks to compatriots in Hong Kong, Macao, and Taiwan; Overseas Chinese; and international friends who rendered a helping hand when China suffered heavy flooding.

Dear friends, in the coming new year, various ethnic groups in China will unite together further. With heart and soul, we will develop the economy, maintain a steady growth in the national economy, and promote all-around progress in society. China will improve its investment environment further. The gate to China will stay open forever. We welcome industrial and commercial friends from all nations to invest in China.

China will continue to pursue its independent, peaceful, foreign policy. On the basis of the five principles of peaceful coexistence, China will develop friendly and cooperative relations with all nations, actively participate in international and regional affairs, promote peace and development in the world, and devote its share of the contribution to the effort to establish a new international order of fairness and rationalism.

With the New Year holiday around the corner, we miss our fellow countrymen in Taiwan all the more. The separation of the people on both sides of the Taiwan Strait will not last forever; sooner or later people on both sides will come together. Both sides should constantly work for new progress in personnel contacts, economy, trade, and scientific, technological, and culture exchanges; strengthen mutual contacts and understanding; and fulfill the peaceful reunification of the motherland as soon as possible.

The year 1992 is designated as the "year of Chinese friendship and tourism." I sincerely hope that you, my dear friends, will come and visit China, and get a personal view of my beautiful country.

Once again, I wish you a Happy New Year!

Thank you!

RENMIN RIBAO New Year's Day Editorial

OW3112143891 Beijing XINHUA Domestic Service
in Chinese 0930 GMT 31 Dec 91

["RENMIN RIBAO New Year's Day Editorial":
"Develop Steadily During the Course of Reform and
Opening—a New Year's Day Message"]

[Text] Beijing, 31 December (XINHUA)—During its
course of steady development, socialist China is bidding
farewell to 1991 and proudly stepping into 1992.

The year that has just gone by was the first year of
implementing the 10-Year Program for National Eco-
nomic and Social Development and the Eighth Five-
Year Plan. In a year marked by a changing international
climate, the whole party and people of all nationalities in
the country, while under the leadership of the party
Central Committee with Comrade Jiang Zemin as the
core, worked with one heart and one mind, and they
proceeded firmly and victoriously along the course of
building a socialist society with distinctive Chinese char-
acteristics. China enjoyed political and social stability,
its economy continued to develop soundly, its industry
maintained appropriate growth, it still reaped a good
harvest despite devastating natural disasters, its market
supply was abundant, commodity prices were stable, and
the people worked in peace and contentment. What is
even more pleasing is that, after three years' of sustained
efforts, the economic order improved noticeably, normal
national economic growth was reinstated, and the main
projects of economic readjustment and rectification
were basically accomplished. When some parts of the
country were hard hit by floods with a magnitude
unprecedented for many years, people throughout the
country united as one to combat the deluge and provide
relief to flood victims. They displayed their spirit of
waging a strenuous fight, while heeding the interests of
the whole and placing the interests of other people ahead
of their own, thereby demonstrating the powerful coher-
ence of the Chinese nation. During the year, China
upheld its independent and peaceful diplomatic policy,
persisted in handling interstate relations, and actively
developed friendly relations with Third World Coun-
tries, especially neighboring countries, on the basis of the
five principles of peaceful coexistence. Playing a unique
role in maintaining regional peace and stability and
promoting the political settlement of issues in hot spots,
we gradually broke through Western countries' economic
and political sanctions and opened even wider to the
outside world. Because of the work accomplished during
the year, people throughout the country have developed
even greater confidence and are more determined to
attain the targets outlined in the 10-Year Program and
the Eighth Five-Year Plan.

The mission of the whole party and the whole nation
during the new year will be as follows: Rally even more
closely around the party Central Committee with Com-
rade Jiang Zemin as the core, firmly proceed along the
course pioneered by the second leadership collective

with Comrade Deng Xiaoping as the core since the Third
Plenary Session of the 11th CPC Central Committee,
fully implement the party's basic lines, deepen reforms,
open wider to the outside world, and continue to bring
about steady political, economic, and social develop-
ment in China.

China's main contradictions at the present stage are
those between the people's increasing material and
cultural needs and the nation's outmoded social produc-
tion. That is why economic construction must be the
center. Facts prove that both the country and we,
ourselves, will benefit when we adhere to this center and
that we will suffer when we deviate from it. This being
the case, we must firmly adhere to this center—namely,
economic construction. This year, on the basis of con-
solidating the successes achieved in economic readjust-
ment and rectification and maintaining an overall eco-
nomic balance, we shifted the focus of our economic
work to restructuring our economy and improving eco-
nomic efficiencies. The recent central working confer-
ence and the Eighth Plenum of the 13th CPC Central
Committee have made separate decisions on stream-
lining the nation's large and medium-sized state enter-
prises and strengthening agricultural and rural work. We
should make concerted efforts to implement these deci-
sions because they constitute two links of decisive
significance relevant to national economic develop-
ment. Agriculture is the foundation of economic devel-
opment, social stability, and national independence. In
conducting our economic work this year, we will con-
tinue to give top priority to the procurement of a
bumper harvest. Large and medium-sized state enter-
prises constitute the pillars of the national economy,
and they are the main source of state revenues. This year
we will strive to make relatively noticeable headway in
improving the efficiency of these enterprises. At the
same time, we will help our collective enterprises con-
tinue to develop, and we will guide the independent
economic operators, private economies, and the three
types of enterprises that use foreign capital [joint ven-
tures, cooperative enterprises, and enterprises exclu-
sively funded by foreign capital] so that they can enjoy
healthy growth. Science and technology are the primary
productive forces. Scientific and technological develop-
ment is occurring rapidly in the world today, and we
must make great efforts to catch up with its develop-
ment. Agriculture, industry, and any other construction
project must switch its operation onto the track of
depending on scientific and technological progress and
improving workers' proficiency.

To accomplish this year's economic construction
projects and proceed to achieve the objectives set for the
1990's, the key lies in deepening reforms and opening
wider to the outside world. The enormous successes
achieved in the last decade or so prove that the policy of
reform and opening presented by Comrade Deng
Xiaoping provides a path via which socialist China can
become more powerful and prosperous. Nevertheless, we
should be soberly aware that while reforms have helped

us do away with certain defects in our systems, there still exist many other defects that have yet to be eliminated. While reforms have significantly aroused people's enthusiasm, there is still a potentially enormous amount of enthusiasm that has yet to be aroused, and while reforms have significantly displayed the superiorities of our socialist system, there are other potential superiorities which are far from having been fully displayed. Room for reform remains large, and the work to be done in terms of reform is still heavy. While we have basically accomplished the main projects of economic readjustment and rectification, we must lose no time in deepening reforms even further and opening wider to the outside world so that we can bring about a significant development of social productive forces. In accordance with the requirements put forward at the Eighth Plenary Session of the 13th CPC Central Committee, we must persist in deepening rural reforms, continue to stabilize systems characterized mainly by household contracts with remuneration linked to output, continue to improve the two-tier operating system that integrates unified and independent management, actively develop socialized services, gradually strengthen the collectively owned economies, guide the peasants to become affluent together, and create a new situation for agricultural and rural work. In accordance with the requirements put forward by the central working conference, we should act positively to create good external conditions for enterprises and work hard to encourage enterprises to replace their operating mechanisms so that our large and medium-sized state enterprises can operate with greater vigor and achieve higher economic returns. Other departments in charge of economic construction and scientific-technological, educational, and cultural fronts must also do a good job in deepening reforms. The restructuring of the political system must proceed in a planned and systematic manner under the leadership of the party Central Committee. Before introducing any reform measures, we must consider the time factor and examine the situation, ensuring that the measures are conducive to stability. On the other hand, only by eliminating the defects of our system through deepening reforms can we ensure long-lasting stability. Stability is good for reforms, and reforms promote stability; this is a dialectical unity. During the new year, we must open wider to the outside world, continue to do a good job in operating our special economic zones, open cities, and open zones, and we must also work to develop Pudong, opening it to the outside world. Meanwhile, we must continue to restructure our foreign trade system and broaden our international market.

Upholding the four cardinal principles is the basic guarantee for successful reforms, openness, and steady development. Following the Fourth Plenary Session of the 13th CPC Central Committee, we have effectively corrected the tendency—a tendency which had gone on for some time—of “being tough on one hand and soft on the other” in handling certain issues. We have also upheld the four cardinal principles, repudiated the upsurge of bourgeois liberalization ideas, intensified ideological

and political work, and intensified socialist spiritual construction, thereby powerfully maintaining social and political stability and ensuring the sound development of economic construction as well as reform and programs of opening. This is an extremely valuable experience. From now on we must continue to uphold the four cardinal principles without slackening efforts in the least. The further we proceed with reforms and open to the outside world, the more we need to uphold the four cardinal principles, to intensify ideological and political work, and to intensify ideological education on patriotism, collectivism, and socialism. The CPC is the ruling party of China and the leadership core of its socialist cause. We must continue to intensify the party's ideological and organizational construction, and, in terms of party conduct, we must strive to upgrade the theoretical proficiency of Marxism-Leninism-Mao Zedong Thought among the vast number of party member-cadres, especially those in leading positions, as well as their political quality so that the party can maintain closer ties with the masses, act firmly in rectifying unhealthy tendencies, and continue to improve its militancy and coherence.

The 14th National CPC Congress is scheduled to take place during the fourth quarter of this year. The congress will sum up the experiences gained since the adoption of the policy of reform and opening, especially since the convocation of the 13th National Party Congress. It will also set the party's future tasks, put forward a series of general and specific policies, and elect members composing the new Central Committee. That meeting, which will be a significant meeting taking place while China is engaged in its socialist modernization programs, certainly will produce enormous and far-reaching impacts on inheriting the past and ushering in the future, as well as on expediting the great cause of building a socialist society with distinctive Chinese characteristics. Party organizations at all levels and all Communist Party members must firmly implement the party's lines, principles, and policies. They must give full scope to their roles as fighting fortresses, vanguards, and models in leading people of all nationalities in the country to wage arduous struggles to build a stronger China, and to greet the convocation of the 14th National Party Congress with remarkable successes achieved in reforms and construction.

Reunifying our motherland and rejuvenating China are common aspirations of all Chinese sons and daughters at home and abroad. During the new year, we will, in light of the “one country, two systems” principle, continue to work actively in various fields in preparation for the return of Hong Kong to the motherland five years from now, and the return of Macao to the motherland seven years from now. Meanwhile, we will work hard to develop economic, trade, scientific-technological, and cultural exchanges between the two sides of the strait to expedite the cause of national reunification. We hope the Taiwan authorities will attach great importance to the nation's righteous cause and make actual contributions to the peaceful reunification of the motherland. The

perverse acts of the extremely small number of "Taiwan independence" advocates who go against the will of the whole nation are doomed to failure.

The world situation today has become even more volatile. In a world like this, China has demonstrated its great vigor and vitality by holding high the socialist banner, making painstaking efforts to carry out reforms, and taking firm steps in search of development. While looking toward the future at this time, as we bid farewell to the old year and usher in the new, we can see that the 1990's will certainly be an era in which the Chinese-style socialism will shine with dazzling splendor. We are fully confident that our motherland will have a brilliant future!

XINHUA Carries Text of Adoption Law

OW3012194691 Beijing XINHUA Domestic Service
in Chinese 1059 GMT 29 Dec 91

["Adoption Law of the People's Republic of China" adopted by the 23d meeting of the Seventh National People's Congress Standing Committee on 29 December 1991]

[Text] Beijing, 29 December (XINHUA)—

Chapter I. General Principles

Article 1. This law has been formulated to protect legitimate adoption relations and to safeguard the rights of the parties to such relations.

Article 2. An adoption shall benefit the rearing and growth of an adopted minor and shall follow the principles of equality and voluntariness. It may not violate social morals.

Article 3. An adoption may not be effected in violation of family planning laws and regulations.

Chapter II. Establishment of Adoptive Relations

Article 4. The following minors under 14 years of age may be adopted:

1. Orphans;
2. Foundlings and other children whose biological parents cannot be located; and
3. Children whose biological parents cannot raise them because of unusual hardships.

Article 5. The following citizens and organizations may put children up for adoption:

1. The guardians of orphans;
2. Social welfare institutions; and
3. Biological parents who cannot raise their children because of unusual hardships.

Article 6. An adopter shall be:

1. Childless;

2. Capable of rearing and providing education to the adoptee; and

3. Thirty-five years old or older.

Article 7. In adopting the child of a collateral blood relative of the same generation in a three-generation adoption procedure, a childless citizen who is 35 years old or older is not subject to the restrictions stipulated in Items 3 of Articles 4 and 5 and in Article 9 of this law or to the condition restricting the adoptee's age to under 14 years.

An overseas Chinese adopting the child of a collateral blood relative of the same generation in a three-generation adoption procedure is also not subject to the restriction of childlessness.

Article 8. An adopter may only adopt one child.

An adopter adopting an orphan or a handicapped child is not subject to restrictions specifying that he or she must be childless, must be at least 35 years old, or must adopt only one child.

Article 9. A spouseless male adopting a female shall be at least 40 years older than the adoptee.

Article 10. In putting up a child for adoption, both biological parents shall be involved in the adoption procedure. In cases where the identity or whereabouts of one of the biological parents is unclear, the other may unilaterally put the child up for adoption.

Where an adopter has a spouse, he or she should adopt a child together with the spouse.

Article 11. Both the adopter and the person putting up a child for adoption shall do so voluntarily. In adopting a minor 10 years old or older, the adoptee's consent shall be obtained.

Article 12. Where both parents of a minor are not absolutely capable of performing civil acts, that minor's guardian may not put the child up for adoption, except when the parents pose a potential serious threat to the minor.

Article 13. In putting an orphaned minor up for adoption, the guardian must obtain the consent of the person responsible for rearing the child. If that person does not agree to the adoption and the guardian is unwilling to continue his or her duties, the guardianship may be altered in accordance with the "General Rules of the Civil Law of the People's Republic of China."

Article 14. With the biological parents' consent, a step-parent may adopt the stepchild without being subject to the restrictions specified in Items 3 of Articles 4 and 5 and in Article 6 of this law or to the condition restricting the adoptee's age to under 14 years.

Article 15. The adoption of a foundling or child whose parents cannot be located shall be registered with civil affairs departments, as shall that of an orphan reared by a social welfare institution.

Besides satisfying the provisions in the above-mentioned paragraph, the adopter and the person putting the child up for adoption shall conclude a written agreement pursuant to the conditions for adoption. They may initiate notarial proceedings for the adoption. Should the adopter or the person putting the child up for adoption seek notarial service, notarial proceedings shall be initiated for the adoption.

Article 16. An orphan or a child whose biological parents cannot raise it may be reared by the relatives or friends of the biological parents.

The relations between foster parents and children are different from those of adoption.

Article 17. The parents of the deceased spouse of a bereaved person putting up a minor for adoption have priority in adopting that child.

Article 18. A person putting a child up for adoption may not use the adoption as an excuse to beget another child in violation of family planning regulations.

Article 19. Trading in children in general, or under the pretext of adoption, is strictly prohibited.

Article 20. Foreigners may adopt children in the PRC in accordance with this law.

In adopting a child in the PRC, a foreigner shall furnish information certifying his or her age, marital status, occupation, financial status, health condition, and criminal record. Such information shall be notarized by a notarial agency or notary public in the adopter's country, and shall be certified by the PRC embassy or consulate there. The adopter shall conclude a written agreement with the person putting up the child for adoption, register the adoption with civil affairs departments in person, and complete notarial procedures at the designated notarial agency. Adoptive relations shall come into force on the day of notarization.

Article 21. If the adopter and the person putting up a child for adoption demand confidentiality about the adoption, other people shall respect their wishes and refrain from leaking relevant information.

Chapter III. The Effects of Adoption

Article 22. Laws governing relations between parents and children shall apply to the rights and obligations between adoptive parents and adopted children on the day the adoptive relations take effect. Laws governing relations between parents and children as close relatives shall apply to the rights and obligations between adoptive parents and adopted children as close relatives.

The rights and obligations between adopted children and their biological parents or other close relatives shall terminate upon the establishment of adoptive relations.

Article 23. An adopted child may take the surname of either of its adoptive parents. It may retain its original surname after consultations among the parties concerned.

Article 24. An adoption that violates Article 55 of the "General Rules of the Civil Law of the People's Republic of China" or the provisions of this law shall have no legal force.

An adoption that is subsequently ruled null and void by a people's court is not legally binding from the moment of its realization.

Chapter IV. Abrogation of Adoptive Relations

Article 25. An adopter may not abrogate the adoptive relations before the adoptee comes of age, except for cases where the adopter and the person putting up the child for adoption agree to the abrogation. Any abrogation shall be effected with the adopted child's consent if the child is 10 years old or older.

In cases where the adopter fails to perform his or her duties in rearing an adopted minor, or where the adopter maltreats or abandons the adopted child, the person putting up the child for adoption has the right to seek an abrogation of adoptive relations between the adoptive parents and the adopted child. If the person putting up the child for adoption and the adopter cannot reach an agreement on abrogating the adoptive relations, they shall file a lawsuit with a people's court.

Article 26. Adoptive parents and their adult adopted children may abrogate their adoptive relations by agreement if they cannot get along with each other. They may file a lawsuit with a people's court if they fail to reach an agreement.

Article 27. The parties concerned shall conclude a written agreement when abrogating an adoptive relationship. If an adoptive relationship is registered with civil affairs departments, it shall be de-registered with those departments upon abrogation. If it is established by notarization, it shall be de-notarized at the notarial agency upon abrogation.

Article 28. After the abrogation of adoptive relations, the rights and obligations between the adopted child and the adoptive parents or other close relatives shall terminate immediately, and those between the adopted child and its biological parents or other close relatives shall resume. The resumption of rights and obligations between an adult adopted child and its biological parents or other close relatives, however, shall be effected by negotiation.

Article 29. After the abrogation of adoptive relations, an adult adopted child reared by its adoptive parents shall provide for the latter if the latter cannot work or have no

income sources. If an adoptive relationship is abrogated because of maltreatment or abandonment of the adoptive parents by an adult adopted child, the adoptive parents may demand compensation from the adopted child for expenses paid for its livelihood and education during the period of adoption.

If the biological parents seek an abrogation of adoptive relations, the adoptive parents may demand appropriate compensation from the biological parents for living and educational expenses paid on the adopted child's behalf. This is not applicable to cases where the adoptive relations are abrogated because of maltreatment or abandonment of the adopted child by the adoptive parents.

Chapter V. Legal Liabilities

Article 30. The criminal liability involved in the abduction and selling of children under the pretext of adoption shall be pursued in accordance with the "Decision of the National People's Congress [NPC] Standing Committee on Strictly Punishing Criminals Involved in the Abduction, Selling, and Kidnapping of Women and Children."

Public security departments shall impose a fine of not more than 1,000 yuan on an individual who abandons an infant. If the circumstances are so vicious as to constitute a crime, the said departments may pursue criminal liability involved in accordance with Article 183 of the "Criminal Law of the People's Republic of China."

Punishment shall be meted out in accordance with the second paragraph of this article to sellers of their own children.

Chapter VI. Supplementary Provisions

Article 31. People's congresses in autonomous minority areas and their standing committees may formulate modified or complementary provisions in accordance with the principles of this law and local conditions. An autonomous region shall submit such provisions to the NPC Standing Committee for the record. The provisions of an autonomous prefecture or county shall take effect after they are approved by the relevant provincial or autonomous regional people's congress standing committee, and shall be submitted to the NPC Standing Committee for the record.

Article 32. The State Council may enact implementation rules in accordance with this law.

Article 33. This law will take effect on 1 April 1992.

Appendices

Relevant Legal Clauses

Relevant Clauses in the General Rules of the Civil Law

Article 55. A civil legal act shall meet the following conditions:

1. The performer of the act shall have the corresponding ability to perform civil acts;

2. The intention shall be true; and

3. The act shall not violate legal or public rights and interests.

Relevant Clauses in the Criminal Law

Article 183. An individual shall be sentenced to not more than five years of imprisonment, detention, or control if he refuses to fulfill his responsibility for supporting an elderly person, child, sick person, or other individual lacking the ability to live independently, provided the circumstances are vicious.

Relevant Clauses in the Decision of the NPC Standing Committee on Strictly Punishing Criminals Involved in the Abduction, Selling, and Kidnapping of Women and Children

1. Abductors and sellers of women and children shall be sentenced to not less than five years and not more than 10 years in prison. In addition, they shall be fined not more than 10,000 yuan each. Under any of the following circumstances, a prison term of not less than 10 years or a life sentence shall be given, along with the imposition of a fine of not more than 10,000 yuan or the confiscation of property. If the circumstances are exceptionally serious, the death sentence shall be given in addition to the confiscation of property:

A. The leader of a group involved in the abduction and selling of women and children;

B. The abduction and selling of three or more women or children...;

E. Where the abducted and sold women or children or their relatives are seriously injured, are killed, or suffer other grave consequences; and

F. The selling of women or children to buyers outside the country.

Document Said To Admit Existence of Child Labor

HK3112101091 Hong Kong CHENG MING
in Chinese No 171, 1 Jan 92 pp 15-16

[By Kung Yen (1362 3601): "Document Admits Existence of 4 Million Child Laborers in China"]

[Text] The CPC is always fond of boasting of the "superiority" of socialism and exaggerating the defects of capitalism. However, according to internal reports of the Ministry of Civil Affairs, the State Education Commission, and the Ministry of Labor, the "dark side and decadent phenomena of capitalist society," which have been thus described by the CPC for a long time, exist and are spreading unchecked in socialist China today.

Rural Party, Government Cadres Sell or Buy Babies for Profit

A work report submitted by the Ministry of Civil Affairs to the State Council last October revealed: In China's

large and medium cities, some 150,000 babies are abandoned every year. In Beijing, some 700 babies were abandoned in 1990, while in Shanghai more than 600 were abandoned. In the large and medium cities of Jiangsu Province, nearly 10,000 babies were abandoned in the same year. In the hospitals of Guangzhou, Shaanxi, and Henan, many babies could not find their parents. Most of them were baby girls or the second or third babies of their parents. They made up about 3.4 percent of the babies born in the hospitals.

Divorce Rate on the Mainland Is a Bit Too High

The Ministry of Civil Affairs also admits that in the rural areas of Guangzhou, Henan, Zhejiang, Jiangxi, and Sichuan, many cases involving the selling of babies and the abduction of people have been unraveled. Some local party and government cadres have been involved in such cases. They have shielded the criminals or have directly joined them and shared the profits.

The report also revealed the divorce rate on the mainland. The number of divorce applicants is about 20 percent of the number registering for marriage. The divorce rates of Shanghai, Shantou, Shenzhen, and Xiamen are as high as 35 to 40 percent. The divorce cases approved by the Ministry of Civil Affairs and pronounced by the courts make up about 65 percent of the total number of applications. In 1989, the divorces of some 450,000 couples were approved, and the figure for 1990 was 370,000. From January to the end of August 1991, the number of divorced couples had already reached 310,000. About 80 percent of those divorced are under the age of 35, and 90 percent divorce because of the appearance of a third person or because of economic problems. (However, the newspapers and magazines on the mainland say the divorce rate is only 8 or 9 percent, and in Shanghai, Shenzhen, Zhejiang, and Guangdong about 15 to 16 percent.)

Rural Children of School Age Are Unable To Go to School

Then let us look at a work report submitted by the State Education Commission to the State Council last October. It disclosed that in the rural areas, about 20 percent of the children of school age are unable to go to school. Young people at the age of 16 have usually received a primary education. Only 25 percent are able to go to junior middle school. Even then, 35 percent of middle school students are forced to cease their study in order to do household farm work.

The rate of middle school students in the cities who have abandoned school halfway has grown to 10 percent. About 90 percent of middle school students drink alcoholic liquor, and 65 percent smoke cigarettes. The rate of middle school students being absent from school without leave has reached 15 to 20 percent. In the cities of Shaanxi, Shandong, and Henan, the rate of middle school students dropping out of school has reached 18 to 20 percent. Most of them leave school due to the

attraction of money and the deteriorating social atmosphere, and some are supported by their parents.

The State Education Commission's report admitted that the criminality rate among middle school students has increased by 5,000 percent compared with the 1950's. Moreover, their crimes are more serious, such as robbery, theft, and rape.

Serious Situation of Employing and Exploiting Child Laborers

In a "circular" to various provinces and cities last November, the Ministry of Labor admitted that the situation regarding the employment of child laborers was very serious throughout the country. Exploiting child laborers had become a common phenomenon. In some coastal provinces and special economic zones, such as Fujian and Guangdong, as well as in Zhejiang, Sichuan, and Hubei, there were 4 to 5 million child laborers under the age of 16. In Wenzhou and some areas of Guangdong and Hainan, there were even child laborers under the age of 12. The "circular" said that the child laborers usually have to work 10 to 14 hours a day, but their wages are just about half those of adults.

Today, in the 1990's, the above-mentioned phenomena (except for divorce) are gradually vanishing in the developed Western capitalist countries, but are developing rapidly in socialist China, which is "superior" to capitalist countries. Are the lies about the "superiority" of socialism not easily stopped by the facts?

Economic & Agricultural

Li Peng Writes Article on Socialist Course

OW3112102791 Beijing XINHUA Domestic Service
in Chinese 0517 GMT 31 Dec 91

[Article by Premier Li Peng: "Progress Along the Socialist Course With Chinese Characteristics"—originally published in the No. 1 issue of ZHONGHUA YINGCAI (TALENTED AND CAPABLE CHINESE PEOPLE)]

[Text] Beijing, 31 December (XINHUA)—The year that has just ended was the first year of China's Eighth Five-Year Plan and 10-Year Program for Social and Economic Development. During the year, we upheld the lines, principles, and policies adopted since the Third Plenary Session of the 11th CPC Central Committee. We also persisted in focusing on economic construction and upheld the four cardinal principles and the policy of reform and opening. Thanks to the efforts exerted by the whole party and people of all nationalities in the country, China enjoyed political stability, economic growth, and national solidarity. The situation in the area of economics and other spheres continued to develop soundly. The gross national product was expected to exceed the targeted 4.5 percent to reach 7 percent. Industrial production picked up in all areas, light and heavy industries

developed in a coordinated manner, the product mix was readjusted, and output was expected to grow by more than 10 percent. Despite devastating natural disasters, the nation still had a good harvest and the state plan for grain and cotton output was fulfilled. Commodity supply on the market was ample, and prices were basically stable. Great strides were made in the reform and opening endeavor, import and export enjoyed sustained growth, foreign investment in China maintained strong momentum, and the state's foreign exchange reserves were growing. The living standards of urban and rural residents continued to improve. New successes were achieved in promoting socialist ethics. Education, science and technology, culture, public health, and sports continued to develop vigorously. The performance in various sectors shows that, after three years of hard work, we have basically attained the targets set for economic readjustments and rectification. On the whole, we made a good start in the first year of the Eighth Five-Year Plan. Socialist China was full of vitality, and our work in all fields was proceeding triumphantly.

The guideline for economic work in 1992 is as follows: Continue to expedite reform and opening and, on the basis of consolidating the successes achieved in economic readjustment and rectification, continue to maintain a basic balance of overall supply and demand, shift the focus of economic work to restructuring the economic system, and achieve higher economic returns.

- We will continue to make great efforts to develop agricultural production in accordance with the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee. Under no circumstance should we ignore agriculture, the foundation of the national economy. It is even more necessary for those areas in which serious natural disasters wreaked great havoc last year to attach special importance to resuming and developing agricultural production. People in disaster-stricken areas must display the self-reliance spirit in resuming production and rebuilding their homes. While reflecting on the pain we have suffered from the devastating disasters, we should attach even greater importance to building water conservancy projects and speed the pace in harnessing large rivers and lakes to improve their capabilities of combating large floods. First of all, we will harness the Huaihe and the Taihu. We will also speed up harnessing the Huanghe and the Changjiang, which have also been sources of floodings. While the state will increase investment in water conservancy projects, we will also pay attention to utilizing our country's ample manpower and launch more construction projects in lieu of relief programs.
- We will work hard to streamline our economic structure to achieve higher economic returns. Special efforts will be made in restructuring our large and medium-size state enterprises. We must rationally determine the size of investment projects and properly coordinate investment sizes and capital. Investment in fixed assets should be properly handled according to industrial policies. New projects and nonbudgetary

projects must be strictly controlled. Channels for acquiring self-raised capital should be screened and redivided, and sources of self-raised capital should be controlled so that their use and management can be improved. The priorities of this year's investment are infrastructural construction and technological upgrading of large and medium-sized enterprises, and no new processing industries will be established. The construction of unrealistic and redundant projects, which are "large and all-encompassing, and small and all-encompassing," must be strictly controlled. We must maintain appropriate growth in industrial production, guard against the reckless pursuit of output value, insist on determining output on the basis of market demand, and firmly curtail the production of inferior but expensive goods, unmarketable goods, and goods whose supply is higher than demand in order to prevent new stockpiles. We will appropriately raise the final demands in two areas—investment and consumption—and remove the barriers impeding circulation in an effort to broaden the market. Fundamentally speaking, we must reinvigorate our enterprises and improve their efficiency by implementing comprehensive measures that include deepening reform and intensifying management and technological reconstruction. We will continue to improve enterprises' external conditions and actively restructure their internal mechanisms. The 12-point measures put forward by the State Council for improving enterprises' external conditions must be carried out this year.

- We will continue to quicken the pace of reform and opening. We will continue to deepen our economic restructuring so that economic restructuring can be organically integrated with the restructuring of our scientific-technological and educational systems. This will also help ensure that science and technology will be the first productive force to be fully manifested and that China's economic construction can be truly expedited through scientific and technological progress, as well as through workers' higher proficiency. The current situation shows that this year's economic environment and the conditions for deepening reforms are quite favorable. Focusing on the rejuvenation of our enterprises, we must proceed by supporting our reforms in accordance with the requirement of developing our planned, socialist commodity economy and integrating economic planning with market regulation. To restructure our planning system, we will continue to reduce the scope of mandatory plans and broaden the scope of guidance plans and market regulations. In restructuring our investment system, we will examine and approve investment projects according to industrial policies and these projects' economic scales, and we will install investment mechanisms which involve the participation of central and local authorities and enterprises. In restructuring our fiscal system, we will adopt a compound budgetary system, and we will continue to conduct experiments at selected areas on separating profits and taxes and

sharing revenues. In restructuring our banking system, we will extend loans under the guidance of the state's industrial policy and reduce administrative intervention on loans. We will proceed steadily with price reform and speed up improving the nation's unified market, placing emphasis on deepening the restructuring of the system governing commodity circulation. We will expedite the restructuring of the wage system and speed up housing reform, as well as the reform the social security system. We will open wider to the outside world and expedite the development of foreign trade and economic and technical exchange with foreign countries. We will develop a diversified international market to strengthen our self-reliance capacity. We will spend more foreign exchange on purchasing advanced technology and key equipment, on key construction projects, and on enterprises' technological upgrading. The existing special economic zones, open cities along the coast, and economic and technical development zones should continue to strive to operate properly. We will support and assist the operation of the existing foreign-funded enterprises, continue to improve the investment environment, and, in accordance with the state's industrial policy, do an even better job in attracting more foreign investment. The work of using and attracting foreign capital should be more effectively integrated with the work of intensifying the technological upgrading of China's basic industries and enterprises. Constant efforts will be made to increase the efficiency in using foreign capital.

- We will firmly ensure long-lasting peace and stability in our country and create a good social environment for economic construction. We will act firmly to develop socialist democracy and continue with our political restructuring systematically in a well-guided manner. We will carry forward our fine traditions, make great efforts to promote administrative ethics and improve efficiency, and act earnestly to stop irregularities. We will persist in simultaneously promoting material and spiritual construction in an effort to heighten the whole nation's ethical sense and preserve our good social customs. We will firmly implement the party's ethnic policy, and we will speed up economic and cultural development in minority areas to speed up common prosperity and progress among people of all nationalities.

The tasks confronting us in 1992 will be formidable and difficult, but we have the resources needed to accomplish them. No matter how the world climate may change, and no matter what sort of difficulty and pressure we may encounter, the 1.1 billion Chinese people holding their destiny in their own hands certainly can surmount all difficulties and proceed courageously along the course of building a socialist society with distinctive Chinese characteristics.

Further Reportage on Yuan Mu News Conference
CM3112135991 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 31 Dec 91 p 1

[By RENMIN RIBAO reporter Zhang Guorong (1729 0948 2837) and XINHUA reporter Wu Sheshen (0702 1102 3234)]

[Text] Beijing, 30 December (XINHUA)—State Council spokesman Yuan Mu said at a news conference for Chinese and foreign reporters today that China enjoyed political and social stability during the outgoing year of 1991. He also said China's economic situation continued to improve, major targets for economic growth would be achieved on schedule, and the GNP would grow by about 7 percent.

Yuan Mu cited facts and figures as he outlined the general situation of China's economic development in 1991:

- Relatively high economic growth has been maintained. Overall supply and demand was basically balanced, the economic structure continued to improve gradually, and annual GNP growth would be appropriate and noticeably higher than the anticipated target of 4.5 percent.
- The nation has reaped a bumper harvest in a year of devastating natural disasters. Despite serious natural disasters in some parts of the country, the nation still has reaped another bumper harvest, the second best in history, thanks to the favorable climate since last August, as well as the efforts exerted by governments at various levels in organizing the masses in combating the natural disasters. Total grain output for 1991 will exceed 435 million tonnes and cotton output will exceed 5 million tonnes. The output of sugar-bearing crops and cured tobacco will set a record high, animal husbandry and fishery production has been increasing steadily, and the annual production plans for most of the major agricultural and sideline products have been fulfilled or overfulfilled. The total value of agricultural production in 1991 is expected to increase by about 3 percent.
- The industrial production situation continued to improve. It is expected that the total value of industrial output by township [xiang 6763] and higher-level industrial enterprises will be 13.2 percent higher than that of last year and will exceed the 6 percent target. Progress has been made in restructuring production, and the decline in economic efficiency has slowed. Since the third quarter of the year, enterprises' incomes from sales and the amount of their profit taxes have been rising, their inventories of unsold goods have been declining, and their losses also have been reduced. Their annual industrial labor productivity will increase by 7.4 percent.
- Social demand has resumed quite rapidly. Investment in fixed assets has picked up noticeably, and the

annual total investment in fixed assets will increase 14.6 percent over that of 1990. Market sales have become more active. Retail sales of consumer goods have grown by about 13 percent over that of last year. The production materials market has continued to become more active. Owing to improvement in market sales, the inventories of unsold goods from commercial and supply departments have been reduced, and total inventories are somewhat smaller than those of last year.

—The overall price level has been relatively stable, and the people's living standards have improved. Because overall supply and demand was basically balanced, the rise in commodity prices was stable. It is expected that the rise in retail commodity prices will not exceed 4 percent, lower than the 6 percent target. Nevertheless, price rises in cities are substantially different from those in rural areas, and the cost of living in large and medium-size cities has increased by approximately 8 percent. It is expected that the actual income of urban residents' living expenses will increase by approximately 8 percent over that of 1990, and peasants' per capita cash incomes will increase slightly. By the end of November, the amount of savings from urban and rural residents had increased by 195.3 billion yuan, equal to an increase of 29.7 percent over the figure at the beginning of the year.

—The situation of foreign trade and economic and technical exchange was gratifying. According to customs statistics, the nation's total imports and exports during the January-November period grew 17.8 percent over the same period last year. Of this growth, total exports increased 17.4 percent and total imports increased 18.2 percent. The use of foreign funds and imported technology has also grown substantially, and the amount of foreign investment has grown noticeably. During the January-November period, the amount of capital which foreign businessmen agreed to invest in China reached \$9.56 billion. That was an increase of 70.9 percent over that of the same period last year, but the actual investment increased by 23.7 percent. International tourism has resumed quickly. The state's foreign exchange reserves have increased substantially, and the year-end amount of foreign exchange reserves doubled the amount registered early this year.

Yuan Mu noted: China's political stability and unity in 1991 has provided an important premise and guarantee for stable economic development, and the stable economic development has provided a solid groundwork for political stability and unity. Political and economic stability at home has, in turn, provided a guarantee for the conduct of foreign affairs. A string of new diplomatic achievements has fostered a better international environment for China's modernization, reform, and opening. Such interaction between domestic political and economic situations and between domestic work and foreign affairs characterized the development of China's situation in 1991, which stood in sharp contrast

to the world economic slowdown and the turmoil in some countries and regions.

Yuan Mu said: After working hard for three years, from 1989 through 1991, China has basically accomplished its goal of economic retrenchment and has gained ample experience in readjusting the economy through the combined application of economic, legal, and administrative means. Instead of stalling, reform and opening efforts continued to intensify and expand during the years of economic retrenchment. Major reform efforts were undertaken in some new fields. This is a major characteristic of economic retrenchment, as well as an important factor in the gradual improvement of China's economic situation. He said: China's economy still faces problems, such as irrational structure, poor economic returns, and financial difficulty, as it moves forward. We should continue to solve these problems in performing our work for 1992.

Speaking on next year's economic work, Yuan Mu said: In 1992, China will appropriately accelerate the pace of reform and will open itself wider to the outside world while consolidating its achievements in economic retrenchment and maintaining a basic balance between overall supply and demand. It will shift the focus of its work to readjusting the economic structure and improving economic returns as a way of continuing to maintain sustained, stable, and coordinated development in the national economy. Next year, we should continue to strengthen agriculture, strive for good agricultural harvests, and further enhance the vitality of state-run large and medium-scale enterprises by improving the external environment of enterprises and by changing their operational mechanisms. We should maintain an appropriate economic growth rate while trying to improve the economic structure and economic returns. We should continue our efficient operation of special economic zones and open cities and areas, and we should work for the successful development and opening of the Pudong area in Shanghai. He expressed the belief that China's economy will continue to grow steadily next year and that the overall situation will be better than this year's.

Yuan Mu also answered questions posed by Chinese and foreign reporters on economic retrenchment, the financial deficit, and foreign trade.

Deng, Other Elders in 'Good Health'

HK3112021091 Hong Kong WEN WEI PO in Chinese
31 Dec 91 p 2

[By Chen Chien-Ping (7115 1696 1627): "Yuan Mu Says Deng Xiaoping, Three Other Elders in Good Health"]

[Text] Beijing, 30 Dec (WEN WEI PO)—State Council spokesman Yuan Mu said, when answering questions posed by reporters today, that former state leaders Deng Xiaoping, Peng Zhen, Central Advisory Commission Chairman Chen Yun, and Vice President Wang Zhen are in very good health. He added that because these elders

are playing an important historical role in China's revolution and construction, it is thus a normal thing that the new leadership solicits their opinions on major issues. Yuan Mu made the above remarks when asked by a reporter whether or not the aforementioned four senior statesmen are still exerting influence on China's present situation.

When asked about recent developments concerning Zhao Ziyang, Yuan Mu said Zhao Ziyang is still a Communist Party member and is leading a normal life in Beijing.

Yuan Mu on Public Ownership of Securities Exchange

HK3112021191 Hong Kong THE STANDARD
in English 31 Dec 91 p A-6

[By Cary Huang]

[Text] Socialist public ownership should be the mainstay in China's securities exchange, while market forces should be allowed to play a greater role in determining the trading prices, according to a hardline Chinese official.

Yuan Mu, the conservative government spokesman, recently told a seminar that China should develop a socialist securities exchange with Chinese characteristics, which would combine socialist principles in economics with market regulation in free economies.

Mr Yuan said the development of securities market in China should be kept in line with the overall goals of constructing socialism.

"We should rely more on market force to determine the formation of trading prices," he said. "We should also observe the market rules, while setting prices for enlisted securities and formulating rules to regulate price fluctuations in the market."

Zhu Rongji on Readjusting Industrial Structure

CM3112150891 Beijing XINHUA Domestic Service
in Chinese 1214 GMT 27 Dec 91

[By XINHUA reporter Xu Yaozhong (1776 5069 0022) and RENMIN RIBAO reporter Zhang Guorong (1728 0948 2837)]

[Text] Beijing, 27 Dec (XINHUA)—On 20 December, Zhu Rongji, vice premier of the State Council, pointed out at the national meeting on enterprises' technological progress: It is essential to seriously implement the guidelines of the central work conference and the Eighth Plenary Session of the 13th CPC Central Committee, to vigorously readjust the structure, promote technological progress, improve the operational mechanism, and raise the economic efficiency of state-owned large- and medium-sized enterprises. This will be a guiding principle for industrial and transportation work next year as well as throughout the entire "Eighth Five-Year Plan" period.

Touching on the issue of readjusting the structure, Zhu Rongji said: After reform and opening up to the outside world in the past decade, and improving the economic environment and rectifying the economic order for nearly three years, the ratios between agriculture and industry and between agriculture, light industry, and heavy industry have been significantly improved. However, there are still many problems within the industrial structure. Those problems mainly include "the existence of both overdeveloped and underdeveloped" [you chang you duan 2589 7022 2589 4252] production setups, "some products being abundant and some products being few" [you duo you shao 0642 1122 0642 1421] in the structure of products, the "small and scattered" organizational structure of enterprises, and "the common trend of development" of the structure of regional industry.

Zhu Rongji said: The readjustment of the industrial structure deals with deep contradictions accumulated throughout the years. The historical lesson of loss of macro-control and structural imbalance due to seeking hasty results has still not generated sufficient attention; there is still the trend of vying with each other in making investments in hot items and duplication in construction. Without macro-control, we cannot have micro-flexibility. If we don't tackle the problem of structure, state-owned enterprises will not be able to overcome the difficulties they face or play their leading role in the national economy. At present, we have achieved a basic balance between the aggregate social demand and supply, and are now in the best period for readjusting the industrial structure. We must not lose this opportunity or wait and see.

How are we to readjust the industrial structure? Zhu Rongji said: The experience of reform and opening up to the outside world in the past decade has shown us that merely relying on adopting measures to adjust the investment in capital construction is inadequate; we must also pay attention to integration in the following three areas: First, it is essential to integrate the good points of the planned economy with the good points of market adjustment. We should not only strengthen macro-control but also fully develop the role of market adjustment. We should not only use the necessary means of state intervention and administrative measures, but, what is more important, also be good at using various economic levers to administer various trades and exercise macrocontrol. The State Planning Commission, the State Council's Production Office, and all industrial and communications departments should promptly release domestic and international market information, the production situation, and development trends of major industrial products so that responsible comrades of all other departments and local governments as well as enterprise directors can avoid aimlessness, and familiarize themselves with the overall economic situation in a timely manner. The relevant departments should seriously study and formulate specific industrial policies and implement them in planning projects. The state shall

map out preferential measures in policies (including financial, taxation, banking, pricing, and foreign trade policies), so as to influence the investment trend of enterprises and ensure the completion of state-sponsored key construction projects. Second, it is necessary to combine regulation and control at the central and local levels. Under the premise of taking the national interests into account, local governments at all levels should exercise the overall control in their own locality and earnestly study their local advantages in working out economic strategies, development principles, and solutions to major problems. Aimlessness in rushing headlong to do everything can only lead to passiveness. All local governments should also achieve a comprehensive balance of their finance, credit, foreign exchange, material supply, and transportation; they must not compete with each other for projects at all costs while letting the central government back them up and take risks. Third, it is necessary to combine the readjustment of stock and increment. Stock readjustment is primarily targeted at deficit-ridden enterprises having excessive production capacity and serious overstocking of finished products. Such enterprises should shut down, suspend operations, amalgamate with others, or switch to other lines of production. We should try to shut down and suspend operations of as few enterprises as possible and to merge them with others or switch them to other lines of production instead. Increment readjustment should be focused on investment and bank loans for appropriate projects so as to avoid repeating construction and importation. Investment should be divided between existing and new projects. For existing projects, funds should be concentrated on projects meeting the requirements of the industrial policy and having advanced technology, a ready market, and notable efficiency, so that the projects can be completed and put into operation and can yield profit as quickly as possible. As for new projects, it is necessary to adhere to the principle of "disapproving all long-term projects and prioritizing short-term projects" in selecting and deciding on projects, and to organize joint investment by various regions and departments so as to bring into play group advantages and achieve large-scale profit.

Discussing ways for promoting technical progress, Zhu Rongji pointed out: We should increase the technical input of enterprises and technological composite of products. Attention should be paid to properly handling relations in the following three aspects: First, we should handle the relations between internal potential and external development properly. We should try to launch as few new projects as possible and focus the expansion of reproduction on upgrading the technology of existing enterprises, especially enterprises of processing industries. We should pay still greater attention to completing existing projects. No capital construction project should be carried out on the same scale as technical transformation. We should never rush headlong to carry out hot projects everywhere. Before a plan for readjustment is formulated, we should temporarily withhold approval for all hot projects, for which no bank loan will be

provided. Second, we should handle the relations between various aspects of the work related to technical progress of enterprises (technological development, technology importation, technical transformation, and workers' technical innovations) properly. We should integrate technological development with technology importation, importing technologies for developing our own, making technical innovations with imported technologies, and upgrading the traditional industries with new technologies. We should absolutely not copy outdated technology and repeat low-level technology. We should combine scientific research with production, and harness the enthusiasm of "both ends." We must fire the enthusiasm of enterprises and mobilize large numbers of scientists and technicians to devote themselves to the main battlefield of technical progress of enterprises. Third, we should handle the relations between centralization and decentralization, and between the central and local governments properly. We must bring into full play the superiority of the socialist system and, under the guiding principle of taking the national interests into account, harness the enthusiasm of both central and local governments.

On the conversion of operational mechanisms, Zhu Rongji said: The party Central Committee and the State Council formulated 12 policy measures to improve the external operating environment for enterprises. Given the state's substantial financial difficulties, this is a fairly big step forward. Enterprises should now make greater efforts in effecting a speedy conversion of their operational mechanisms. This is the key to improving state-run large and medium-scale enterprises.

Zhu Rongji said: The key to improving enterprises lies in the enterprises themselves. No external environment, however good, will serve our purposes if we fail to change our internal mechanisms, if enterprises are totally reliant on the state, if workers and staff members are entirely dependent on enterprises, and if we carry iron rice bowls and eat from the same big pot. A substantial number of enterprises have failed to retain enough depreciation and development funds and to make good use of them in accordance with state provisions. Workers and staff members have continued to draw bonuses even if their enterprises have incurred losses. Factory managers have been transferred to other areas and allowed to retain their posts even if they have run their enterprises badly. Factories have continued to produce even if they are overstocked with goods. Not a single person has been dismissed even if there are not enough jobs. Enterprises cannot possibly improve their economic returns if they do not solve these problems. In changing the operational mechanisms, it is first necessary to focus on reforming the internal distribution, personnel, and labor systems of enterprises. No bonuses should be paid if enterprises are badly operated and managed. The wages of workers and staff members should be cut if operational losses persist. Bankruptcy should be sought if liabilities outweigh assets. Currently, some localities are afraid of taking action. They dare not

shut down, suspend, merge, or convert their operations. They are afraid of removing incompetent enterprise leaders and of withholding worker bonuses. How can we improve enterprises under such circumstances? Zhu Rongji said: We need to consolidate the current good situation marked by political and social stability. However, we should assume an analytical and positive attitude in trying to understand stability. The effort to intensify reform and improve internal management reflects the popular will. This matter has an impact on the long-term interests of the working class. Instead of adversely affecting stability, leading cadres can help promote the conversion of enterprise operational mechanisms, improve economic returns, foster genuine social stability, and consolidate the socialist system as long as they behave themselves exemplarily; rely on the working class wholeheartedly; conduct effective ideological and political work; improve supplementary policies; perfect the social security system; provide vocational training to job hunters; take good care of workers and staff members; practice strict factory management; and even shut down, suspend, merge, or convert their operations.

Based on the State Council's overall plans, Zhu Rongji outlined the following specific tasks for the industrial and communications sectors in 1992: 1) Continuing to shatter the "debt chain," further curtailing production to reduce stockpiling, spurring technological progress in enterprises, and implementing various policy measures to improve the external operating environment of enterprises. 2) Formulating regulations at the earliest possible date to implement the "Enterprise Law" aimed at converting enterprise operational mechanisms, and strengthening scientific management of the internal operations of enterprises. 3) Effectively improving product quality as part of the activities launched during the "Year of Quality, Variety, and Efficiency." 4) Enhancing organizational and leadership efforts in industrial production, communications, and transport, and promptly resolving, through coordination, major problems relating to economic operations. He expressed the hope that workers and staff members on the industrial and communications front will, under the leadership of the party Central Committee with Comrade Jiang Zemin as the core, uphold the basic line of "one central task and two basic points," build confidence, display high motivation, work in a down-to-earth and diligent manner, and usher in the 14th national party congress with new achievements.

Song Ping, Li Tieying, Others at Export Exhibit

OW2512195091 Beijing XINHUA Domestic Service
in Chinese 1412 GMT 24 Dec 91

[By reporter Zhang Yi (1728 3015)]

[Text] Beijing, 24 December (XINHUA)—This evening, central leading comrades Song Ping, Tian Jiyun, Li Tieying, Liu Huaqing, and Seypidin arrived full of zest at the China International Exhibition Center to view a

national exhibition on achievements of foreign trade and export commodity production bases.

The central leading comrades visited the halls of technology, silk, grain and cooking oil, native livestock, and light industry and frequently asked people about the origin of such dazzling, fine export goods.

Nearly 10,000 people daily visited the exhibition on achievements of export bases, which opened 21 December. On 23 December, officials of diplomatic missions in China from more than 10 countries, including the United States, Pakistan, and Saudi Arabia, viewed the exhibition.

Ma Man Kei, Standing Committee member of the National People's Congress and a famous person from Macao, also viewed the exhibition this evening.

Tian Jiyun Attends Telephone Commendation Meeting

OW2612134991 Beijing XINHUA Domestic Service
in Chinese 1237 GMT 25 Dec 91

[By reporter Jiang Jun (1203 6511)]

[Text] Beijing, 25 Dec (XINHUA)—Through a telephone meeting held today, the Ministry of Commerce commended advanced collectives and people who made outstanding contributions while combating floods, who rushed to deal with emergencies, and who have done relief work.

Vice Premier Tian Jiyun attended the telephone commendation meeting. On behalf of the State Council, he extended thanks to the vast number of staff members and workers of the commercial departments who worked hard at the forefront of combating disasters and doing relief work. He congratulated 222 advanced collectives and 225 advanced people on their commendation, and expressed the hope that they would make unremitting efforts to win a complete success in combating natural disasters and doing relief work.

According to sources, while facing the serious floods and waterlogging disaster this year, the vast number of cadres, staff members, and workers in the commercial departments—with a sense of being the extremely responsible masters of their own affairs and political consciousness—were so devoted to helping flood victims that they forgot their own interests and scrupulously did their duty to protect state property and the safety of the people's lives. As a result, they reduced the losses caused by disasters to the lowest possible extent and brought the role of the main channel of the state commerce and cooperatives into full play. They made outstanding contributions to stabilizing the market, making good arrangements for the livelihood of the people in the disaster areas, and helping the disaster areas restore production and rebuild homes, and promoted political, economic, and social stability across the country as a whole.

Report Notes 'New Boom in Foreign Investment'

OW2512100691 Beijing XINHUA in English
0916 GMT 25 Dec 91

[Text] Beijing, December 25 (XINHUA)—Overseas investment in China has [been] growing in a more rational and diversified direction, to the benefit of the country's economic development.

According to a round-up report in the OVERSEAS EDITION of today's "PEOPLE'S DAILY" [RENMIN RIBAO], there has been a new boom in foreign investment this year. The number of overseas-funded projects approved this year will exceed 10,000.

In the early 1980s, foreign investment concentrated in the four Special Economic Zones (SEZ) at Shenzhen, Zhuhai, Shantou in south China's Guangdong Province and Xiamen in east China's Fujian Province. Starting from 1984, 14 major coastal cities stretching from Dalian in northeast China's Liaoning Province down to Beihai in southern China's Guangxi Zhuang Autonomous Region have been designated to open to overseas investors.

In the years, more areas including the Pearl River delta, the Yangtze River delta, and Hainan Province all began to adopt special policies from the central government to open to the outside world.

Entering 1990, the Shanghai Pudong new area was approved to adopt policies granted to special economic zones and to economic and technical development zones, and it is expected to bring about an all-round development in economy and technology in middle and lower reaches of the Yangtze River.

In recent years, more overseas investors have moved into inland and rural areas as many of the country's coastal cities have become overcrowded with foreign investment. In Tianjin, more than half of the new projects approved are for its rural areas. In Shandong Province, east China, more than 60 percent of the newly approved foreign-funded projects involve rural industries.

In addition, the paper said, foreign-funded enterprises in the industrial sector accounted for 58.5 percent of the total in 1989. The rate has grown to 84.4 percent, it added.

Meanwhile, the number of foreign-funded projects in commercial, public utility and hotel services has decreased to 8.5 percent of the total from 26 percent in 1989.

According to the Ministry of Foreign Economic Relations and Trade, foreign-funded projects have generally shown good economic results. About 2 million Chinese laborers have been employed by foreign-funded ventures. Due to their good performance, many of the foreign-funded businesses are expanding their investment.

With the improvement of the Chinese investment environment, more overseas investors will be coming to China, according to the paper.

A number of organizations, such as foreign exchange centers, accounting agencies, lawyer offices, consultancy companies and personnel exchange centers, have been set up across the country to facilitate the operation of overseas-funded ventures.

The social and political stability and sustained economic development in addition to an ample supply of cheap labor will continue to be the major attractions for overseas firms, according to the paper.

The paper also stressed the need to further improve the investment conditions of the country in the fields such as the supply of raw materials and power in order to prepare for a new boom in foreign investment.

Main Industrial Product Annual Targets Fulfilled

OW2612060691 Beijing XINHUA in English
0140 GMT 26 Dec 91

[Text] Beijing, December 26 (XINHUA)—China has fulfilled most of its annual production targets of main industrial products one month ahead of schedule this year, further promoting the development of national economy.

According to the State Statistics Bureau, about three fourths of the 91 main industrial products listed by the central government has met the state-set targets by the end of November.

The products include textiles, bikes, television sets, yarn, cotton cloth, silk, silk products, wool, salt, cigarettes, beer, plastic products.

Other products are of energy and raw materials including crude oil, natural gas, power, steel, pig iron, ten nonferrous metals, coal, chemical fertilizer, pesticides and tractors.

Petrochemicals Output Increases 8 Percent in 1991

HK2612095091 Beijing CHINA DAILY in English
26 Dec 91 p 2

[By staff reporter Xu Yuanchao: "Petrochemicals Make Strides"]

[Text] China's petrochemical industry, a mainstay of the national economy, has made great strides this year, increasing production by over 8 percent, a bit faster than the average growth rate of the last five-year plan period (1986-90).

Sheng Huaren, president of the China Petrochemical Corporation (Sinopec), told a national work conference on the petrochemical industry, that the industrial output value for this year is expected to reach 72 billion yuan (\$13.3 billion).

About 250 managers and directors from petrochemical companies and enterprises throughout the country attended the opening of the week-long annual conference in Beijing yesterday.

In a 50-page report to the meeting, Sheng said the petrochemical industry has achieved better economic results through the concerted efforts made by the industry's 800,000 work force.

He said the corporation is estimated to be able to turn over 18 billion yuan (\$3.3 billion) to the State. The figure is 1.5 billion yuan more than originally planned for this year.

Most of the growth is taxes paid to the State by the industry and the remaining part is profits. Taxes were increased by 10.4 percent this year compared with last year. Of the country's 36 petrochemical enterprises, 23 have fulfilled the taxation target one or two months ahead of schedule, he said.

The industry has sold 78 billion yuan worth of petrochemical products this year, about 22 percent more than in the same period of last year.

The industry's 13 refineries, mostly in coastal areas, processed 10 million tons of crude oil imported from eight countries. The imports of crude oil were 4.8 million tons more than last year.

The corporation has absorbed \$750 million this year for importing up-to-date technology and advanced equipment. This included government loans, export credits and syndicated loans provided by foreign governments and international financial institutions.

He said the corporation has signed a number of contracts for construction projects and labour services in the Soviet Union, Indonesia, Bangladesh and Hong Kong. The contracts were valued at \$28 million.

Exports of petrochemical products are expected to hit \$1 billion by the end of this year including \$251 million worth of products directly exported by the corporation.

Sinopec, an umbrella corporation established in 1983 and involved in the comprehensive utilization of oil resources, now has fixed assets worth 80 billion yuan (\$15 billion) and 69 subsidiary organizations and enterprises scattered throughout the country.

Sheng said investment in the industry's capital construction amounted to 7.2 billion yuan (\$1.3 billion) this year and funds granted for technical renovation projects reached 2.2 billion yuan (\$407 million).

He said the industry has put 21 petrochemical installations into production and 19 installations have been completed and gone into trial operation.

Preparations for 18 priority projects listed in the Eighth Five-Year Plan (1991-95) are now in full swing. Feasibility studies for some of these projects have got approval from the government.

Enterprises With Poor Economic Efficiency Merged

OW2612072691 Beijing XINHUA in English
0255 GMT 26 Dec 91

[Text] Beijing, December 26 (XINHUA)—Altogether 210 enterprises with poor economic efficiency in Beijing have been merged into enterprises with better efficiency, "PEOPLE'S DAILY" [RENMIN RIBAO] reported today.

All of the 120,000 employees of these enterprises have got jobs and the talent of engineers and technicians at different work posts has been brought into play. The income of these people has increased, according to the OVERSEAS EDITION paper.

An official of the Beijing municipal government in charge of industrial readjustment said to have enterprises close, stop production and merge into other enterprises with better economic efficiency is a key to deepen the reform of enterprise management.

"This is a good way to rationally reorganize production elements so as to raise the economic results of the municipal industrial departments," the official explained.

The enterprises being merged into other units had fixed assets of 1.78 billion yuan.

According to the paper, the employees who are working at new posts are receiving equal pay for equal work.

The paper noted that the 39,000 retired workers of the enterprises which merged into others now enjoy pensions and medical care.

Enterprise Appraisal Group Set Up in Beijing

OW2612060991 Beijing XINHUA in English
0054 GMT 26 Dec 91

[Text] Beijing, December 26 (XINHUA)—Aiming at enhancing the development of China's enterprises, Chinese Association for Enterprise Appraisal has been established in Beijing Wednesday.

The newly-established association will regularly publish the name list of the nation's 500 largest enterprises that obtain big profits and 50 largest enterprises in every trade respectively.

Researchers of the association will also provide policy-making consultation for the state and enterprises. They are to trace the latest managing situation of the nation's enterprises and their developing trends. The association is also to perfect various systems for enterprise appraisal.

'Harsher Employment Climate' Forecast for 1992

HK2512033691 Beijing CHINA DAILY in English
25 Dec 91 p 1

[By staff reporter Li Hong: "Tough Job Ahead To Hold Jobless Rate Steady"]

[Text] Labour departments in China will be facing a harsher employment climate in 1992, with 11 million urban residents looking for jobs, a recent national conference was told.

Labour Minister Ruan Chongwu asked local labour management officials to seek every possible means to prevent unemployment from exceeding 3.5 percent. China's urban work force is around 140 million.

He admitted that the task would be difficult, because State enterprises, which were being given more autonomy to run their own businesses by the government, were expected to stop recruiting or cut the work force.

To make the employment situation harder, the State Council is shifting its focus to readjustment of the industrial structure and improvement of economic performance. Economists say more poorly-run State firms will be shut down or forced to merge with other more successful plants.

Ruan looked to collectively-run labour service firms (firms formed to absorb surplus urban workers), continuous control of rural labour influx and social unemployment funds to maintain stable urban employment.

This year, the government has found new jobs for 7 million urban job-seekers, keeping the aggregate number of jobless people at around 4 million and holding the jobless rate below 3 percent, Ruan said.

The 200,000 labour service firms currently employ more than 8.2 million urban workers who sought jobs after leaving school or were laid-off by State-owned enterprises.

And pre-employment training programmes hold another 900,000 urban people in schools and training centres. Unemployment security, which is being set up in China, protects an additional 200,000.

Ruan suggested development of rural industry and service trades to prevent redundant rural labourers from moving into the cities.

At the national conference on labour affairs, Ruan also asked for further reform of the contracted employment system, performance-centered salary systems and a new social welfare system.

It was learned that about 14.5 million workers in State firms, 14 percent of the total, have signed contracts lasting from three to ten years with their employers.

Ruan said that many large and medium-sized State-owned enterprises, including Shanghai's Baoshan Iron and Steel Complex, have tried out a new pay system, which takes into account workers' duties, technical ability and performance, working conditions, intensity of the workload and level of responsibility.

The State Council has agreed to augment the reform scheme next year, the minister said.

Journal Cited on Development of Private Economy

OW2512110691 Beijing XINHUA in English
0946 GMT 25 Dec 91

[Text] Beijing, December 25 (XINHUA)—The private sector of the national economy has developed rapidly and become an attractive form of the non-public economy since the reform and open policy was adopted in 1978, according to the latest issue of "BEIJING REVIEW".

Statistics show that by the end of June 1991, there had been 98,812 private businesses nationwide, employing some 1.69 million people, including 224,000 investors, and a registered capital of 10.7 billion yuan. Industrial output value from the private sector reached 12.17 billion yuan in 1990, some 0.51 percent of the nation's total.

Of the total private enterprises, 55.4 percent are independently owned; 39.3 percent are jointly owned and 5.3 percent are limited companies.

The private businesses are scattered mainly in economically developed coastal areas, and those in Guangdong, Zhejiang, Liaoning and Shandong Provinces alone account for 50 percent of the total. This is due to local people's strong awareness of the importance of a commodity economy and to the advantageous material conditions for the development of the private economy.

Meanwhile, the private enterprises have attracted a large part of surplus rural labor and laid foundation for full utilization of the vast expanse of rural areas.

Most of the country's rural enterprises are found involved in nine major trades, including construction, transportation, commerce, catering, repair and service industries, as well as scientific and technological development, culture, arts, public health, aquaculture and crop cultivation.

However, since private businesses operate only as a supplement to the public sector, no private enterprises are allowed to be run in areas vital to the national economy and people's livelihood, such as the means of production and agricultural and sideline products, banking, posts and telecommunications and the aeronautics and astronautics industry. Some private enterprises are allowed to deal in the retail sales of some products but forbidden to handle wholesale business; some private enterprises are even prohibited to deal in retail sales of some other products.

Most private business employees are aged between 30 and 50. About 80 percent of the private employees are surplus rural laborers and the remainder are urban job-seekers, unemployed and retirees. According to statistics, an average of 17.4 people are employed by a private business having an average capital of 108,000 yuan. There are 723 businesses, or one percent of the total, with more than 100 employees and an asset of at least one million yuan.

Compared with other enterprises in China, private business owners are sensitive to market information and are highly flexible in their business activities. However, China's private enterprises still have a long way to go. Under the current economic situation, in particular, their equipment is out of date, a lot of it is cast-offs from state-owned and collective enterprises. Because of the poor production conditions, simple and crude factory buildings and backward technology, many private businesses actually operate as workshops.

Furthermore, many private business owners have only a junior middle school education and lack managerial skills, and many employees lack experience in industrial production.

Upholding public economy as the main body and allowing the coexistence of diversified economic sectors is a main part of socialism with Chinese characteristics. The amendment to the Constitution of the People's Republic of China, adopted in April 1988 by the National People's Congress, clearly defines the legal status of the private businesses in order to promote their stable growth.

Currently, active measures are being taken to support and encourage the development of private enterprises in China, and provide them with a policy guarantee for their beneficial development.

Unions Urged To Balance Reform, Worker Interests

HK2612085291 Beijing CHINA DAILY in English
26 Dec 91 p 1

[By staff reporter Wang Rong: "Unions Ready for Balancing Act in 1992"]

[Text] Trade unions at all levels must balance their efforts between promoting the government's economic reforms and protecting the interests of workers, said Ni Zhifu, chairman of the All-China Federation of Trade Unions.

The guideline was proposed for approval at the opening session yesterday of a five-day meeting of the federation's executive committee in Beijing.

Ni said all major reforms must be discussed by the whole staff of an enterprise and not be put into effect without the approval of the workers' congress concerned.

Trade unions should ensure that reform projects result in workers becoming better off along with production growth.

1992 is set to be a year of intensive and "touchy" economic reform programmes. A number of projects aimed at invigorating State-owned industries will be introduced, many affecting workers' pay, housing, job security and pensions.

Labour and personnel reforms will in effect replace the "iron rice bowl" with individual labour contracts; wage reforms will bring more benefits to those doing the most difficult and dangerous jobs while reducing some other people's incomes; and social insurance reforms will mean the establishment of a collective fund-raising pension system, and experiments with unemployment insurance.

Ni said the federation's point was identical to Communist Party policy, as reiterated in May by Premier Li Peng, of "wholehearted reliance on the working class" and of fuelling workers' sense of ownership to boost production and raise efficiency.

He said some projects would test workers' endurance, so it would be the trade unions' task to keep the policy-makers informed about workers' responses.

"It is our task to prevent various kinds of conflicts from developing and to maintain stability within enterprises to ensure the success of the reform drive," he said.

The executive committee will also discuss issues concerning setting up trade unions in joint venture firms and rural industries, and improving ties with overseas trade union organizations, especially those in Hong Kong, Macao and Taiwan.

The federation said it would not sit back and watch employees of joint venture firms have no trade unions to protect their legal rights and interests. Workers in some firms in the southern coastal area have grouped together for self-protection purposes.

Partnership Program Boosts Minority Areas Economy

OW2612093091 Beijing XINHUA in English
0723 GMT 26 Dec 91

[Text] Beijing, December 26 (XINHUA)—China's less developed regions inhabited by minority nationalities have benefited a great deal from a partnership assistance program launched 12 years ago.

And the recent developments revealed that the Chinese central government is to adopt further measures to strengthen assistance to the less developed regions in western and southwestern China.

The partnership assistance program was launched in 1979 after the national frontier work conference. It was decided that coastal provinces would form partners with less developed regions. Beijing was paired up with the

Inner Mongolia Autonomous Region, Hebei with Guizhou Province, Jiangsu with the Guangxi Zhuang Autonomous Region and the Xinjiang Uygur Autonomous Region, Shandong with Qinghai, Tianjin with Gansu Province, Shanghai with Yunnan Province and the Ningxia Hui Autonomous Region, and the whole nation supports Tibet. In 1983, the State Council approved a new assistance relationship, deciding that Sichuan, Zhejiang, Shanghai and Tianjin assist Tibet, Hubei, Liaoning, Wuhan and Shenyang assist Qinghai, Guangdong supports Guizhou and Shanghai supports Xinjiang. So far 22 provinces and autonomous regions are involved in the partnership program.

According to incomplete figures from Guangxi, Xinjiang, Qinghai, Yunnan, Ningxia and Gansu, their partners have so far undertaken more than 5,000 projects, which was estimated to have added nearly one billion yuan in terms of output value and trained more than 15,000 professional people. The 43 projects undertaken by nine provinces and municipalities under the sponsorship of the state council was completed by 1984 and put into operation.

The areas of cooperation have been extended from industry and agriculture to science and technology, education and culture and even labor service. And the mode of cooperation has been developed from the original supplying each other's needs to joint development of resources, technology transfer, personnel training and even research and development of new products.

For instance, the Tongliao No. 2 woolen textile mill of Inner Mongolia introduced technology from the Beijing Woolen Carpet Factory and raised the variety of its products from 10 to 117, with the first rate products reaching 91.6 percent from the original 68.2 percent. Since 1981, the region has got funds from its partner provinces amounting to 1.2 billion yuan, accounting for 30 percent of the region's total investment in fixed assets during the same period.

In Guangxi and Xinjiang, Jiangsu Province has undertaken more than 1600 projects, covering the areas of resource development, personnel training and monetary accommodation, and helped them train more than 8,800 technicians. From 1986 to 1990, Jiangsu undertook 415 projects in cooperation with Guangxi, which yielded an additional 200 million yuan in terms of output value and 65 new products. Jiangsu and Guangxi have cooperated in 143 other projects this year.

During the Seventh Five-Year Plan period, according to the State Commission for Nationalities Affairs, the five autonomous regions (Xinjiang, Inner Mongolia, Tibet, Guangxi and Ningxia) signed more than 20,000 contracts for economic cooperation with the inland and coastal provinces in the areas of textile, machinery, electronics and sugar refinement, and introduced more than 10 billion yuan in investment and materials from the coastal provinces.

The five autonomous regions have established many enterprise groups and set up economic cooperation relations with dozens of foreign countries and regions. Meanwhile, many trading ports have been opened along the borders between the five regions and neighboring countries.

More than 150 large and medium-sized projects were undertaken and completed in the ethnic areas during the Seventh Five-Year Plan period (1986-1990).

In addition, the central government has allocated 8 billion yuan in financial subsidy every year to the eight provinces and autonomous regions where the minority ethnic groups inhabit.

Thanks to the opening policy and preferential policy to the ethnic areas, the total output value of agriculture and industry in the ethnic areas in China increased at an average rate of 9.7 percent per year from 1981 to 1989, which is higher than the growth of 6.67 percent from 1953 to 1980. The total output value of agriculture and industry in the ethnic areas reached 227.3 billion yuan in 1990, 1.45 times the total output value in 1980.

The number of the poor people in ethnic areas dropped from 40 million in 1985 to 20 million in 1990. During the Seventh Five-Year Plan period, the central government allotted 100 million yuan to help the needy in Tibet. Some 300,000 people have been lifted out of poverty there.

In the coming decade, as indicated by the state Ten-Year Development Program and the Eighth Five-Year Plan, the economically developed regions are required to adopt a variety of means to help the less developed regions so as to bridge the historical gaps that have been widened with the introduction of the policy of economic reform and opening to the outside world.

Wang Fulin, director of the economic department of the State Nationalities Affairs Commission, said that the state will focus its efforts on helping the minority areas tap local natural resources while continuing its policy of assisting the poor in these areas.

In the coming five years, according to Wang, large grain production bases are to be developed in Inner Mongolia and neighboring Ningxia; some new railroads and highways are also to be built in Xinjiang, Qinghai and Tibet.

In Tibet, more efforts will be made to develop the Yalung Zangbo river and its tributaries" and step up efforts to develop energy resources and nonferrous metals in the western part of the the country.

In June this year, party General Secretary Jiang Zemin promised greater efforts to boost the development of the economy, science, education and culture in regions inhabited by minority nationalities.

The secret of the persistence in the partnership program lies in the high sense of political responsibility and the mutually complimentary nature of the assistance, said

Ling Wenxun, chairman of the Economic Cooperation Committee of Jiangsu Province. "The socialist road is a road of common prosperity and it is duty-bound for Jiangsu to help the interior provinces and border areas inhabited by minority nationalities. Such political responsibility is a two-way affair. Prosperity and stability in Guangxi and Xinjiang mean a powerful support to Jiangsu in its efforts for modernization."

Chen Fuxing, vice-chairman of the Economic and Technical Cooperation Office of Guangxi, told XINHUA that such long-term partnership cooperation based on mutual assistance and mutual benefit has enabled the people in Guangxi to feel the strength of national unity and mutual assistance and the warmth of the big family of the Chinese nation.

But there are also some problems in such assistance. In some places, there is the tendency of replacing the partnership program with horizontal economic cooperation, which tends to weaken the sense of political responsibility.

Gao Lianqing from the State Planning Commission suggested that it is necessary for the state to strengthen overall guidance and incorporate the assistance program in the five-year development plan and for the governments at all levels to strengthen leadership and organization work in assisting the less developed regions in order to keep up the partnership assistance program.

Rural Industrial Enterprises Set Record Output

OW2612102991 Beijing XINHUA in English
1023 GMT 26 Dec 91

[Text] Beijing, December 26 (XINHUA)—Latest statistics from the State Statistics Bureau showed that the total output value of China's rural industrial enterprises are expected to surpass 1,000 billion yuan in 1991.

According to incomplete statistics from 20 out of the 30 provinces, autonomous regions and municipalities in the mainland of China, the total output value of rural industrial enterprises this year is expected to be up 23.3 percent over last year.

The total pre-tax profits of the rural industrial enterprises of the country are expected to reach 86.66 billion yuan this year, a 14 percent increase over last year. The increase rate is much higher than that of the previous two years, which stood at 2.7 percent and 8.5 percent respectively.

The rural industrial enterprises will turn over to the state 31.49 billion yuan in taxes and make 55.17 billion yuan in net profits. The two figures are 17 percent and 12.3 percent more than that of last year respectively.

It is expected that the volume of the export commodities of the rural industrial enterprises this year will go up by 32 percent to reach 66.33 billion yuan.

East Region

Shen Daren Addresses Commendation Meeting

OW2812114191 Nanjing XINHUA RIBAO in Chinese
11 Dec 91 pp 1, 4

["Speech by Shen Daren at a Provincial Meeting To Commend Advanced Collectives and Model Workers, dated 10 December 1991"]

[Text] Comrades:

A provincial meeting to commend advanced collectives and model workers opens ceremoniously today, a time when the people throughout the province are earnestly studying and implementing the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee and are ushering in a new year with great confidence. On behalf of the Jiangsu CPC Committee and the Jiangsu provincial people's government, I extend warm congratulations and a noble salute to the commended advanced collectives and model workers from all fronts of Jiangsu!

More than three years have elapsed since a provincial meeting to commend advanced collectives and model workers was held in 1988. Guided by the party's line, principles, and policies, the people of Jiangsu have concentrated efforts on economic construction, adhered to the four cardinal principles, and persisted in reform and opening in actively carrying out economic improvement and rectification. They have united as one and worked assiduously and in a pioneering spirit in advancing the construction of socialist material and spiritual civilization. This year the people of Jiangsu have again relied on the party's leadership, the socialist system, and unity between soldiers and civilians in overcoming a disastrous flood rarely seen in history, and winning a major victory in fighting floods and rescuing disaster victims. Jiangsu currently enjoys political, economic, and social stability and good public order. As we have had new successes on various fronts throughout the province, a large number of advanced collectives and model workers have emerged. They are represented by the 400 advanced collectives and 1,100 model workers who were commended at this meeting. They are role models for the people of Jiangsu to emulate.

The advanced collectives and model workers commended today are mostly new models whose meritorious deeds have drawn attention since 1988, as well as some veteran models who have added new achievements to their previous deeds. By upholding the four cardinal principles and persisting in reform and opening, they have made outstanding contributions to socialist modernization. Among the advanced collectives are those who have successfully carried out the economic rectification drive and the "double increase and double economy" campaign; those who have done tremendous and painstaking work to develop the rural economy and to promote the construction of two civilizations in rural areas; those who have topped other collectives of the same trade in the country or the province in fulfilling the

major targets for production, management, and economic efficiency; those who have made major contributions to developing science, education, culture, health, and physical culture in Jiangsu; and those who have distinguished themselves in building socialist spiritual civilization. The model workers commended today come from all trades and professions in Jiangsu. Among them are ordinary workers who have worked earnestly and quietly on the forefront of production throughout the year; practical peasants who have become prosperous through diligence and have helped others achieve common prosperity; daring entrepreneurs who have exerted vigorous efforts to manage enterprises with expertise; honest grass-roots cadres who have set good examples in working hard and a down-to-earth manner; assiduous scientists who have achieved major breakthrough in research through bold experiments; dedicated teachers of the people who have devoted themselves to the party's educational undertaking and performed meritorious service in training talented people for socialist construction; prominent writers and artists who have contributed to a thriving socialist culture and to enriching the people's spiritual life; conscientious family planning workers who have done a solid job in implementing the basic national policy in a responsible manner; persevering nurses who have worked day and night to help the dying, assist the wounded, and prevent and cure people's illnesses; heroic public security police and cadres who have stood fast at their post and made important contributions to maintaining public order; and other heroic models who have performed meritorious services on various fronts. These advanced collectives and model workers, even though working at different posts and differing in their meritorious deeds, share a common characteristic—that is, they firmly trust the Communist Party's leadership, persist in taking the socialist road, resolutely implement the party's basic line, and have a strong sense of being masters of their own and have a hardworking and enterprising spirit of serving the people wholeheartedly. Epitomizing the fine qualities of the Chinese nation, the advanced collectives and model workers demonstrate striking characteristics of our times and represent new faces in the construction of socialist material and spiritual civilization in Jiangsu.

The very purpose of our holding this grand commendation ceremony today is to call on the various trades and professions, and every front of endeavor throughout the province, to earnestly sum up and spread the advanced experience of these various units and model workers in implementing the reform and open policy, and in socialist construction. We should launch a socialist labor emulation drive to learn from and catch up with the advanced units, and to emulate each other in going all out to make contributions throughout the province in a down-to-earth manner, as well as to enhance vigorous and healthy development of spiritual and material civilization. The last decade of this century is an extremely crucial period in the historical progress of socialist modernization in our country. The Third Plenary

(Enlarged) Session of the Eighth Jiangsu CPC Committee and the Fourth Session of the Seventh Jiangsu People's Congress clearly decided that the objective of our struggle in the next decade and during the Eighth Five-Year Plan in our province is to fulfill the second-step strategic objective of modernization, and that is to raise the overall quality of our national economy to a new level, and to strive to build Jiangsu into a province which is prosperous in economy and advanced in science and education, with people enjoying a fairly comfortable living in a civilized society. To realize this strategic objective is a formidable and arduous task, which calls for a long-term relentless and strenuous efforts. This makes it all the more imperative for advanced collectives and model workers across the province to play a leading and exemplary role and serve as a bridge to influence the masses and set an impetus for them to advance bravely toward the second-step strategic objective of modernization. On behalf of the provincial party committee and government, I would like to express to the advanced collectives and model workers our hopes as follows:

First, we should unflinchingly take economic construction as our central task and concentrate our efforts on doing the economic work well, and make new achievements in developing social productivity. The fundamental task of socialism is to develop social productivity and constantly consolidate the material foundation of socialism. During the new historical period, while we resolutely follow the road of socialism and oppose peaceful evolution, what counts most is to establish a foothold in our domestic front and do a good job in our undertakings, concentrate our efforts on developing productivity, and advance our national economy. Recently, the Central Committee held two important meetings. One was the central work conference, the central topic of discussion of which was to study how to further invigorate large and medium-sized state-run enterprises; the other was the eighth plenum, with its central topic of discussion on how to further strengthen agriculture and rural work. This amply manifests that the Central Committee is concentrating its efforts to implement the basic line of "one center, and two basic points," which firmly grasps economic construction as a central task. We must earnestly implement the guidelines of these two important meetings. Currently, the economic situation in our province continues to develop in a sound direction; however, our economic life is still beset with many difficulties and problems, and our task of economic construction is extremely arduous. All our work must serve and be subordinate to the central task of economic construction. The advanced collectives and model workers of all trades and professions and on all fronts must seriously study and carry out the guidelines of the central work conference and the Eighth Plenary Session of the 13th CPC Central Committee. We must steadfastly focus on the central task of economic construction, put our shoulders to the wheel in a down-to-earth manner, positively perform our task well in our respective posts to make new contributions to developing social productivity and vitalizing the economy of Jiangsu Province.

Second, we must further emancipate our minds and play an active part in the process of reform and opening to the outside world. The four cardinal principles constitute the foundation in building the state, while the reform and open policy leads us to the road of a strong nation. Since the introduction of reform and opening to the outside world, our province has made great achievements in economic construction and various undertakings. We must continue to implement the reform and open policy unswervingly under the premise of upholding the four cardinal principles. Reform and opening to the outside world is an unprecedented undertaking and has no ready-made road to follow. We must dare to take an untrodden path. Hence, it is necessary for us to further liberalize our thinking, use our wits, seek truth from facts, continuously sum up our experience, and actively explore new avenues for developing a socialist planned commodity economy. We must deepen various reforms, and integrate reform with development, and strive to achieve substantial progress in establishing a new system. It is necessary to open wider to the outside world, and pay equal attention to foreign trade, foreign capital and foreign operations, and gradually establish a new pattern in our province in opening to the outside world. Advanced collectives and model workers throughout the province must continue to carry forward the pioneering spirit and make new achievements in propelling reform and opening to the outside in our province.

Third, we should inherit and carry forward the spirit of relying on ourselves and waging arduous pioneering struggles. The practice of cultivating self-reliance and waging arduous struggles is a fine tradition of our party and an important guarantee of successfully carrying out revolution and construction by mobilizing the people to surmount difficulties. It is also the essential condition for realizing the second-step strategic objective of modernization in the new situation. We are now faced with a complex international situation and heavy domestic tasks. The exceptionally large flooding that struck us recently has increased our difficulties. This enhances the need for us to promote the fine tradition of relying on ourselves and waging arduous struggles and to keep forging ahead. Advanced collectives and model workers throughout the province should turn their honors into new starting points from which to proceed further. They should demonstrate modesty and caution, guard against conceit and impetuosity, lead the people in enhancing the "spirit of fighting floods," and keep to the practice of relying on themselves and waging arduous struggles. They should also launch a thorough campaign to "increase output, practice thrift, increase income, and reduce expenditure"; spare no efforts to exploit all potential; strive to improve economic returns; and persist in building the country and performing all tasks diligently and economically. They should continue to maintain their sound mental outlook, endeavor to overcome all types of difficulty on their way, and expend more solid and fruitful efforts in performing their jobs in all spheres.

Fourth, we should learn well and constantly improve our ability to carry out the four modernizations. The effort to build socialism with Chinese characteristics and to achieve the four modernizations is a profound revolution. During this great revolution, we must learn well and seek constant improvements in our ideological awareness and levels of performance. The most important tasks include studying Marxism-Leninism-Mao Zedong Thought and Comrade Deng Xiaoping's works; striving to integrate basic Marxist tenets with the concrete reality of socialist modernization; learning to apply Marxist-Leninist stands, views, and methods in observing, analyzing, and solving problems; and implementing the party's line, principles, and policies more consciously. We should learn modern science and technology and advanced management expertise; work hard to acquire professional skills; and strive to master advanced job and management skills. Advanced collectives and model workers should set an example of learning by improving their political theoretical knowledge, by mastering advanced science and technology, and by constantly improving their ability to carry out the four modernizations.

Advanced collectives and model workers on all fronts and in all trades throughout the province constitute the most enthusiastic and active elements in carrying out the socialist modernization drive. These active elements deserve close attention from the party and government and respect in all social sectors. Party committees, governments, and leading cadres at all levels must show great concern and care about the growth of such elements; help them sum up their experiences and move forward; frequently listen to their opinions; and give full rein to their role as a bridge in strengthening the party and government's ties with the people. The broad ranks of cadres across the province should learn efficiently from advanced collectives and model workers. They should follow their lead in consistently upholding the correct political orientation, maintaining a good mental outlook, blazing new trails boldly, striving to give full play to their initiative and creativity, learning assiduously, working selflessly, waging tenacious struggles, dedicating themselves selflessly, and making due contributions toward the socialist modernization drive.

Comrades, let us rally closely around the Central Committee with Comrade Jiang Zemin as the core, display high motivation, work with one heart and one soul, go all out to make ourselves strong, wage arduous struggles, and successfully usher in the 14th National Party Congress with remarkable achievements in reform and construction.

Relays Guidelines to Noncommunists

OW2812103191 Nanjing Jiangsu People's Radio
Network in Mandarin 1015 GMT 23 Dec 91

[From the "News" program]

[Text] This morning, the Jiangsu CPC Committee held a briefing for democratic parties and people with no party affiliation. Shen Daren, secretary of the Jiangsu CPC Committee, transmitted the guidelines set forth at the Eighth Plenary Session of the 13th CPC Central Committee to responsible persons of democratic parties, industrial and commercial associations, and representatives of people with no party affiliation. He also briefed them on the recent enlarged meeting of the Fourth Plenary Session of the Eighth Jiangsu CPC Committee. Cao Keming, deputy party secretary of the provincial CPC Committee, presided over the meeting.

In his speech, Shen Daren transmitted the guidelines set forth at the Eighth Plenary Session of the 13th CPC Central Committee and the enlarged meeting of the provincial CPC Committee. He also briefed participants at the provincial meeting on the arrangement that the province has made in implementing the guidelines laid down at the Eighth Plenary Session of the 13th CPC Central Committee. Comrade Shen Daren urged noncommunists to study earnestly and have a good understanding of the guidelines set forth at the Eighth Plenary Session of the 13th CPC Central Committee. He also encouraged them to advance suggestions on doing a good job in next year's work. He said our province faces tough and arduous work next year. The victorious realization of our tasks next year requires not only the correct leadership of the CPC Central Committee and the efforts of all the people in our province, but also support from democratic parties, industrial and commercial associations, and from people with no party affiliation. He also expressed the hope that communists and noncommunists would direct their efforts in the central task of economic construction in the spirit of long coexistence, mutual supervision, utter devotion to each other, and of living in harmony. It is hoped that noncommunists in the province will, in accordance with the general demands of unity, stability, reform, and development as set forth by the provincial CPC Committee and with the work as arranged by the provincial CPC Committee, actively get involved in government affairs and take part in discussions of government affairs, and help the provincial CPC Committee and provincial government do a good job next year. All were also urged to give full play to their knowledge, actively be involved in reform and opening; help build two civilizations; and contribute to doing a good job in our province's work. He finally urged all to do a good job in their respective fields.

Responsible persons from democratic parties, industrial and commercial associations, and representatives from people with no party affiliation who attended today's meeting included Ding Guangxun, Qian Zhonghan, Li Qingkui, Deng Haoming, Gao Juefu, Cheng Bingwen, Tang Nianci, Peng Sixun, Xu Yingrui, Han Wenzao, Wu Zhen, (Shi Shengzhang), Wu Xijun, (Zeng Guangmao), (Liu Zengzhong), (Zeng Caijian), (Zhou Sanyu), (Deng Jianzhong), (Tang Keli), (Hong Ming), (Chen Yibin), (Meng Qinxian), and (Ye Shuding). Sun Han and Luo Yunlai, respectively chairman and vice chairman of the

provincial CPPCC [Chinese People's Political Consultative Conference] Committee, and Sha Renlin, head of the provincial United Front Department, also attended the meeting.

Li Zemin Urges Leadership Over People's Congress

OW2612130491 Hangzhou ZHEJIANG RIBAO
in Chinese 16 Dec 91 p 1

["Li Zemin, Chen Anyu Stress Need To Strengthen Party's Leadership Over the People's Congress' Work at Training Class on Legal System Sponsored by the Standing Committee of the Provincial People's Congress"—ZHEJIANG RIBAO headline]

[Text] Li Zemin, secretary of the provincial party committee, 13 December transmitted the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee at the 12th legal system training class sponsored by the Standing Committee of the Zhejiang Provincial People's Congress. He also delivered a speech on how to implement the guidelines of the seventh and eighth plenary sessions of the 13th CPC Central Committee. He called on people's congresses at various levels to strengthen vigorously the supervision and legislative work and promote the two civilizations in this province under the leadership of the party. He said: During the past year, the provincial people's congress has done a lot of work under the leadership of the party and has made important contributions to promoting social stability and economic development, deepening reform, and further opening up to the outside world. He said: Tasks of this province in the next year will be very heavy. People's congresses at various levels in the whole province should closely rely in the party, firmly adhere to the basic line of one center, two basic points, work hard in a creative manner, vigorously strengthen supervision and legislative work, and promote the building of two civilizations and the socialist legal system in the province.

Li Zemin emphatically pointed out: People's congresses at various levels should consciously work under the leadership of party committees at the same level. This is a fundamental principle which must be followed in carrying out the work of the people's congress. Strengthening the party's leadership over the work of the people's congress is in total accord with the system of the people's congress. Party committees at various levels should pay attention to the work of people's congresses, include the work in their daily agenda, consider the work as an important component part of party work, and support people's congresses in exercising their functions and powers. Adhering to and improving the system of people's congresses are necessary to protect the ruling position of the party. We should be good at turning the party's views concerning state affairs into goals of the state and norms for the people through legal procedures. People's congresses at various levels should dare to properly supervise government work. The supervision of government work by people's congresses and the government's being supervised by people's congresses have the

same goal—namely, holding themselves responsible to the constitution and law, to the party, and to the people. People's congresses at various levels should pay attention to building democracy and a legal system. They should do a good job in preparing for the election of new deputies next year and strengthen the enactment of local laws and regulations.

Chairman Chen Anyu of the Standing Committee of the provincial people's congress spoke at the meeting on the need to study and implement seriously our country's fundamental law [the Constitution] and actively carry out various work of the people's congress. He said: The core of our country's new Constitution is the party's basic line. The Constitution is the general rules for running the country well and giving the people peace and security and building socialism with Chinese characteristics under the leadership of the party in the new historical period. It reflects the fundamental and long-term interests of the overwhelming majority of the people of our country. The authority of the Constitution concerns the political stability and fate of the nation. In studying and implementing the Constitution, we should also constantly improve the system of people's congress and give full play to people's initiative and creativity as the masters of the country. We must study and familiarize ourselves with the Constitution in order to implement and defend the Constitution. Next year will mark the 10th anniversary of the promulgation of the new Constitution. We should, under the leadership of party committees at the same level, unfold propaganda activities on the Constitution throughout the province. We should, through study, raise all citizens' consciousness of the legal system and concepts of the constitution. He also called for integrating the study and implementation of the constitution with the study of Comrade Deng Xiaoping's exposition on the legal system to understand better the constitution and more consciously implement the constitution.

The current training class lasted 10 days. During the training period, vice chairmen of the Standing Committee Wu Minda, Li Yuhua, Wang Qidong, Wang Yumin, and Yang Bin went to the class to hear oral reports by the trainees.

Addresses CPC Committee

OW2912161991 Hangzhou Zhejiang People's Radio
Network in Mandarin 1000 GMT 28 Dec 91

[From the "Provincial News Hookup" program]

[Text] The Sixth Enlarged Plenary Session of the Eighth Zhejiang Provincial CPC Committee was held in Hangzhou from 23 to 28 December 1991. The meeting transmitted the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee; seriously summed up the basic experience of rural reform and development in this province for more than 10 years in light of actual conditions; analyzed the new situation of agriculture and rural work; and further defined the goals and tasks in

deepening rural reform and in promoting economic and social development in rural areas in the 1990's.

At the meeting Li Zemin, secretary of the provincial party committee, made a report entitled "Implement the Guidelines of the Eighth Plenary Session of the 13th CPC Committee in an All-Around Way and Strive To Build Socialist New Rural Areas With Chinese Characteristics."

Ge Hongsheng, deputy secretary of the provincial party committee and governor of Zhejiang, made a speech on doing an effective job in carrying out economic work in 1992.

Xu Xingguan, member of the Standing Committee of the provincial party committee and executive vice governor of Zhejiang, also spoke at the meeting about certain issues concerning agricultural production and rural work during the next year.

The participants in the meeting fully supported the Decision of the CPC Central Committee on Further Strengthening Agriculture and Work in Rural Areas, and the resolution on the convening of the 14th CPC National Congress adopted by the Eighth Plenary Session of the 13th CPC Central Committee, and fully supported the important speech made by comrade Jiang Zemin at the plenary session.

The meeting called on cadres at various levels—especially leading cadres—to take the lead in seriously and effectively studying the decision, to understand in a penetrating way the guidelines and substance of the decision, and to integrate the thinking of cadres and masses of the whole province with the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee.

The meeting correctly analyzed the situation of agriculture and rural work in this province. It held that historical changes have taken place in rural areas of this province since the convocation of the Third Plenary Session of the 11th CPC Central Committee. Commodity economy is vigorously developing in rural areas, the comprehensive capacity of agricultural production has been constantly increasing, the peasants' standard of living has been significantly improved, and the quality of life of rural workers has improved. All these have shown that in general this province's rural areas have gradually entered a new period of all-around development of commodity economy, and that the livelihood of the peasants is improving from just having enough to eat and wear to a state of leading a fairly comfortable life.

The meeting pointed out that the new developing period has set a new and higher demand on our work. We must seriously analyze and deeply understand the new situation, problems, and contradictions in our work which are unsuitable for the development of the new situation. We should clearly see the basic situation in this province and fully understand the arduous and complicated nature of further promoting agriculture and rural work in the

1990's. In light of the requirement of building agricultural modernization and socialist new rural areas, we must further raise our understanding, unify our thinking, and improve our concept. We should firmly establish the thinking that agriculture is the infrastructure and that conditions of peasants and rural work are always the fundamental issues in China's revolution and construction. We should further foster the concept of socialist commodity economy; should pay attention to circulation as well as production; should further affirm the concept that science and technology are the primary productive force; and should rely on science, technology, and education to promote the transformation of traditional agriculture to modern agriculture. We should further establish the thinking of large-scale agricultural production and intensively expand ways of agricultural development.

The meeting also pointed out that the general goals of our struggle for promoting agricultural production and developing the rural areas in the 1990's are to continue promoting reform of production and operational structures in the rural areas and of the circulation system for agricultural products; to do a good job in ideological and political work; to strengthen grassroots level organizations; to use science, technology, and education to prosper agriculture; to promote vigorously farmland capital construction; and to lay a good ideological, organizational, and material foundation for the development of agriculture and rural economy to make the economy prosperous, to promote a healthy trend in the people's mind, to ensure social stability and unity, to realize gradually a fairly comfortable life for the peasants, and to build a socialist new rural area with Chinese characteristics.

The meeting seriously discussed the eight requirements put forward by the provincial party committee on enabling peasants to lead a fairly comfortable life and building socialist new rural areas, and expressed the hope that at least 70 percent of villages could realize or in the main realize those requirements. These are promoting economic prosperity; strengthening the overall capacity in agricultural production; consolidating and developing the collective economy; enabling the peasants to lead a fairly comfortable life; improving the dual management system that combines household with collective operations; developing public works of the society in an all-around way; ensuring a civilized and healthy spiritual environment for the people; and having relatively strong village level organizations with the party branch at the core.

The meeting emphatically pointed out that reform and development are always the main subjects of agriculture and work in rural areas. It is essential to continue to deepen reform and to promote an all-around development of the rural economy. At present—and in a future period—we should lay stress on grasping the follow three things:

First, we should stabilize the party's basic policy in rural areas and firmly deepen reform. We should stabilize and improve the household responsibility system with the contract linking output to payment as the main form, should actively develop social services for agriculture, and should deepen the reform of the circulation system for agricultural products.

Second, we should consolidate and develop the collective economy and firmly take on the road of common prosperity. We should adhere to the policy of paying attention to both consolidation and development, should take local conditions into consideration in providing specific guidance, should strengthen the management of individual and private economy, and should continue to do a good job in helping poor areas.

Third, we should raise the overall capacity in agricultural production and develop the rural economy in an all-around way. We should ensure a stable growth in grain production, and should actively and properly adjust production structures in the rural areas. We should strengthen the technological and material foundation for agriculture and make efforts to increase the total output of agriculture. We should continue to actively develop village and town enterprises as well as promote the shift of rural work forces to nonagricultural production and the development of rural industry.

On the basis of reviewing and summing up work in 1991, the meeting put forward the guiding ideology and general demand for next year's economic work. The meeting held that in the past year various localities have conscientiously implemented the guidelines of the Seventh Plenary Session of the 13th CPC Central Committee; have laid stress on strengthening agriculture and improving large and medium-sized enterprises in light of the shift of Zhejiang's strategy for economic development; and have done a lot of work and made relatively great achievements. The work in the first year of the Eighth Five-Year Plan has been successfully done. There are now economic, social, and political stability in the whole province. In carrying out economic work next year, we should firmly follow the policies put forward in October by the work meeting of the provincial party committee and should firmly grasp the implementation of policies, measures, and tasks. We should work hard in adjusting structures, in relying on science and technology, in improving operational system, and in raising economic efficiency. We must strive to gain a breakthrough in our work.

The meeting called on party organizations at various levels throughout the province, all members of the Communist Party, and broad masses of cadres and people to rally closely around the party Central Committee with Comrade Jiang Zemin at the core; to implement firmly, wholly, and correctly the party's basic line; to work with concerted effort in a ceaseless and unremitting manner; to struggle hard to make the country prosperous; to further promote economic construction, reform, and opening up to the outside world; and to use

outstanding achievements to greet the convocation of the 14th CPC National Congress.

Attending the enlarged plenary session were members and alternate members of the provincial party committee; members of the provincial Advisory Commission; member of the provincial Commission for Discipline Inspection; responsible party comrades of the provincial People's Congress, the provincial people's government, the provincial committee of the Chinese People's Political Consultative Conference, and the provincial military district; as well as responsible comrades of party committees of various cities, prefectures, cities, districts, provincial level departments, various schools of higher learning, and a number of large and medium-sized enterprises, totalling more than 470 people.

Zhejiang Advisory Committee Holds Plenary Meeting

*OW2912214991 Hangzhou Zhejiang People's Radio
Network in Mandarin 1000 GMT 29 Dec 91*

[From the "Provincial News Hookup" program]

[Text] Immediately after its members attended the Sixth Enlarged Plenary Meeting of the Eighth Zhejiang CPC Committee 23-28 December 1991, the Zhejiang Advisory Committee held its own plenary meeting to continue studying thoroughly the documents of the Eighth Plenary Session of the 13th CPC Central Committee, the decision of the CPC Central Committee on further strengthening agriculture and work in rural areas, and Comrade Jiang Zemin's important speech. During the meeting, members of the Advisory Committee discussed the important tasks of developing agriculture and building a new socialist countryside in Zhejiang.

The plenary meeting unanimously supported the decision of the Central Committee as well as the reports made by Comrades Li Zemin and Ge Hongsheng on behalf of the provincial party committee. Li Zemin's report was entitled: "Implement the Guidelines of the Eighth Plenary Session of the 13th CPC Central Committee in an All-Around Way and Strive To Build a New Socialist Countryside With Chinese Characteristics." Ge Hongsheng's report was entitled: "Readjust the Structure, Rely on Science and Technology, Change the Mechanism, Enhance Efficiency, and Earnestly Do Economic Work Well in 1992."

The plenary meeting stated: Since the Third Plenary Session of the 11th CPC Central Committee, great achievements have been made in rural reform and construction. So long as we firmly adhere to the party's basic line and implement the guidelines of the Eighth Plenary Session of the 13th CPC Central Committee in an all-around way, it promises high hopes of success for us to build a new socialist countryside with Chinese characteristics.

The plenary meeting pointed out: We must have an objective, comprehensive, and sober understanding of the rural situation. We must see the great achievements

of reform over last 10 years. At the same time, we must also see the unevenness between economic development and social development in rural areas, and see the many problems and restrictive factors there. We must fully understand the arduousness and complexity of our tasks in agriculture and work in rural areas.

The conferees pledged to show great concern for agriculture and work in rural areas, to pay attention to ideological education for peasants, to promote the building of spiritual civilization in the countryside, to conduct investigations and study there, to sum up the experience of rural reform and socialist education, to serve as a good advisor and assistant to the provincial party committee, and to usher in the 14th CPC National Congress with deeds.

The meeting was presided over by Liu Yifu, vice chairman of the provincial Advisory Committee. All the members of the Advisory Committee, including Standing Committee Members (Zhang Zhiqiang) and (Zhang Xueyi), attended the meeting.

Zhejiang Sets Up Agriculture Safeguard Systems

OW2512043791 Beijing XINHUA Domestic Service
in Chinese 2120 GMT 23 Dec 91

[By reporters Yu Yunda (5713 0061 6671) and Shen Haixiong (1957 3189 7160)]

[Text] Hangzhou, 24 December (XINHUA)—A jubilant atmosphere pervades every corner of the rural areas in Zhejiang Province even in a year marked by calamities. This year, the total economic income in the province's rural areas will break the 100-billion yuan mark for the first time at 104.1 billion yuan, marking a hike of 11.7 percent over last year. This year also, per capita income of peasants in the province will again grow steadily to overshoot 1,000 yuan again—a trend in the past two consecutive years. The province will also see growth, compared to last year, in the production of major agricultural and sideline products of grain, cotton, cocoons, edible oil, fruits, tea, poultry, hemp, and aquatic products.

Experts from relevant departments are of the opinion that the agricultural safeguard system set up and improved gradually over the past few years has provided an effective way of guaranteeing an overall bumper agriculture harvest in a year when the province was hit by calamities. Upon analyzing the situation where our agricultural production fluctuated after the great bumper agriculture harvest in 1984, Zhejiang Provincial Party Committee and Zhejiang Provincial Government concluded that agricultural production is a systematic project and that to promote steady agricultural development, we must establish a set of safeguard systems which covers all aspects, has many layers, and is effective. Now, after more than four years of hard work, the three major systems of leadership, service, and input, which ensure steady agricultural development in the province, have started to take shape.

—The system of commands by leaders with principal responsible persons of party and government at the "lead." Zhejiang Provincial Party Committee and government in 1988 stipulated that party and government leaders should personally attend to agricultural matters. A system was then rapidly formed in the province where commands were issued by various organs ranging from those at the levels of province, city (prefecture), and county to those at the levels of district, township (town), and village. During the flooding of Hangjia Hu at the turn of summer this year, we faced difficulties in obtaining seed supplies during disaster relief efforts. The provincial party committee and government promptly came forward to coordinate efforts, enabling disaster-stricken zones to re-sow seeds in time to ensure that there will be a bumper harvest of late rice. At present, there is a total of 725,000 mu of 4,639 demonstration fields whose agricultural production is directed by party and government cadres at all levels.

—The socialized agricultural service system with village-level organs as the catalyst. The province has set up 77 county-level promotion centers for agricultural technology and 435 agricultural technology stations in districts and provided peasant technicians to 80 percent of its villages. The province has also set up 123 relatively large wholesale markets for agricultural products and established over 300 township and town stations for supplying seeds to key commodity grain production zones of Hangjia Hu, Ningshao, and Jinqu to extensively promote fine crop strains. This year, the planting of early hybrid rice has been spread to an area of 843,100 mu, doubling those area planted in 1988—a year registering record planting of such rice.

—The system of agricultural input with peasant households as the principal part and which combines the three parties of state, collective, and individual. Our province has set up the system of accumulation through labor in 81 percent of its villages, the system of submission of agricultural contract fees in 88 percent of its villages, and agricultural development funds in 50 percent of its villages. This year, the province has set aside funds worth 788 million yuan, or 2.6 percent more than last year, to support the agricultural sector. Funds injected by peasants into every mu of paddy field has increased from the 40 yuan in 1986 to more than 70 yuan at present.

Central-South Region

Shenzhen Court Executes Hong Kong Smugglers

HK2912080391 Beijing XINHUA Hong Kong Service
in Chinese 1121 GMT 26 Dec 91

[By reporter Lu Min (7120 2404): "Four Smugglers Executed in Shenzhen Today"]

[Text] Shenzhen, 26 Dec (XINHUA)—The Shenzhen Intermediate People's Court today held an adjudication

meeting attended by 30,000 spectators. During the meeting, sentences were passed on 11 criminals who were involved in two separate smuggling cases. Of the 11, four were sentenced to death; two were sentenced to death with two years' probation; and two were sentenced to life imprisonment. Seven of the 11 were Hong Kong residents.

According to the official in charge of the Shenzhen city office to counter smuggling, this adjudication meeting was the largest of its kind held in Shenzhen since the systematic operation to crack down vigorously on smuggling began in 1981. This was also the largest number of smugglers to be sentenced on a single occasion, and the most severe penalties imposed.

The culprits were involved in two criminal cases:

The first was a major case concerning Lin Tingxian and his accomplices, all of whom were members of a drug-trafficking ring. The case was uncovered in May 1989 by the Shatoujiao Police Substation of the Shenzhen City Public Security Bureau. The criminal ring smuggled drugs and other goods across the border by various means, including 4,150 grams of heroin, 76,400 grams of opium, 31,324 kg of red ginseng, 460 cases of cigarettes, and 3,360 kg of raw silk. The total value of all the above smuggled goods, excluding the drugs, was estimated at 7.64 million yuan. The chief culprits in this case—Lin Tingxian (Hong Kong), Yu Guihua (Guangzhou), and Cao Donghan (Hong Kong)—were sentenced to death; while the other culprits were sentenced to death with two years' probation, life imprisonment, or 10-13 years' imprisonment.

The second was a combined case of smuggling and bribery involving Wu Qingquan, a major culprit and member of a Hong Kong-based smuggling ring. The case was solved by Kowloon Customs in January 1988. From 1985 to 1987, Wu smuggled cotton yarn, cigarettes, video recorders, and other goods in large quantities into China. He also offered bribes, valued at 590,000 yuan plus HK\$ [Hong Kong dollars] 850,000 or more in total, to Hu Shaokun (already sentenced to death and executed in July 1990 after being found guilty of accepting bribes) and more than 10 other Kowloon Customs officers. In return, Hu and his colleagues illegally filed a total of 260 forged customs declaration forms for Wu and gave customs clearances to 33 trucks involved in smuggling goods. This case involved a total value of more than 24.53 million yuan. Wu Qingquan was sentenced to death according to the law.

Lin Tingxian and the other culprits who were sentenced to death were escorted to the execution grounds after the adjudication meeting and executed without delay.

Guangzhou Threatens To Close Christian Church

HK3112024691 Hong Kong SOUTH CHINA
MORNING POST in English 31 Dec 91 p 9

[By Daniel Kwan]

[Text] Guangzhou officials have threatened to close the Damazhan House Church ministered by well-known Chinese Christian leader the Reverend Samuel Lamb Xianggao.

Insisting that they had broken no laws, the 67-year-old pastor said he would ignore the warning.

He said the Government had no right to close his church which is the largest private place of worship in Guangzhou.

"I told them that we didn't demonstrate (on June 4, 1989), even though (Bishop) Ding Guangxun (head of the official Protestant church) supported the student demonstration," he argued.

"Even the Government's White Paper on Human Rights says house churches are legal," he said.

However, Mr Lamb's determination is up against the iron fist of the authorities, who have stepped up their harassment in recent months and arrested a self-proclaimed evangelist.

According to Mr Lamb, Li Jiayao, a young enthusiast was arrested recently in Guangzhou.

"Li is not a pastor. He only received bibles from visitors in guesthouses. He used to come to Damazhan although he has his own church. I was told that he had been arrested a few months ago," Mr Lamb said.

Mr Lamb's church was raided by police and religious officials in September last year and Mr Lamb was interrogated for more than 21 hours.

"They accused me of not registering with the Guangzhou Three-Self Patriotic Movement (GTSPM) and of spying for foreigners," he said.

"But I don't know anything about state secrets."

Failing to find any evidence against Mr Lamb, they took away the church directory.

"They followed the directory to go door to door to warn believers not to come."

Fearing their verbal warnings might not be enough, police even told the churchgoers' employers not to give them bonuses, Mr Lamb said.

"But nobody listened. Our congregation has grown from about 900 before the raid to about 1,100 every week now," he added.

"I told them that if the (Communist) Party forced them to withdraw their party membership, they should write it down that they withdraw because of their faith in Christ," he said.

Although the ground floor of Mr Lamb's church was occupied by public security officers, Mr Lamb said they seldom interfered in their activities.

However, the pastor believed the authorities were still keeping a close watch on him.

For example, 13 Guangzhou delegates to the municipal People's Congress came to the church last September for a meeting.

"They kept on repeating the same lecture that I should register with the GTSPM. If I have to choose between God and the rulers, I follow God," he said.

And the GTSPM continued its pressure on Mr Lamb last month as it sent five officers to Damazhan to "educate the stubborn pastor".

By registering with the Government, Mr Lamb said, they would then have to submit their self-printed scriptures to the GTSPM for approval and file reports on visiting foreigners.

County Committee Reprimanded for Car Purchase

HK2412140691 Zhengzhou Henan People's Radio
Network in Mandarin 2300 GMT 21 Dec 91

[Excerpts] Since the critical report on the Lushan County Party Committee's purchase of a Santana sedan in violation of discipline in the midst of a year of great disasters was broadcast by the News Center of the Henan Radio and Television Station on 8 December, it has caused strong societal repercussions. The Lushan Party Committee immediately corrected the mistake. [passage omitted]

After hearing the report on the morning of 9 December, Hou Zongbin, provincial party secretary, issued firm instructions and called on the Pingdingshan Party Committee to investigate and handle the situation. The Pingdingshan Party Committee attached a great deal of importance to the matter. After organizing an investigating team to verify the News Center report, it stated: The report on the Lushan County Party Committee's purchase of a sedan in violation of discipline, as disclosed by the news unit, is true. The fact that the Lushan County Party Committee placed levies on enterprises to purchase a car, and engaged in fraud by going through formalities for the central purchase of the vehicle, deviated from the spirit of Sixth Plenary Session of the 13th CPC Central Committee and harmed the party's image among the masses. The mistake they made is serious and the lesson is profound. [passage omitted]

This year the county has been plagued by a variety of natural disasters; including floods, droughts, rainstorms, and hailstorms. The county party committee paid no attention to the county's current situation in purchasing a car in violation of discipline. They have thus forgotten the goal of wholeheartedly serving the people, discarded the fine tradition of struggling arduously, and set a bad example for society. [passage omitted]

After studying the matter, the Pingdingshan Party Committee decided to criticize and publicize the mistake committed by the Lushan County Party Committee and

Comrade Liu Yueting, secretary of the Lushan County Party Committee, throughout the city. It has also formed a city car-screening leading group to carry out a thorough screening of cars of all units at the county, city, and district levels. Any unit that has more cars than it is entitled to, or has purchased cars exceeding standards, or has purchased cars by illegal means, will be dealt with firmly. The Pingdingshan Party Committee has also decided to make an example of this case and to carry out ideological education stressing arduous struggle throughout the city to resolutely curb the three disorders and bad practices and to conscientiously strengthen the party style and the government's honesty and purity. [passage omitted]

Party Secretary Liu Yueting made a thorough self-criticism on behalf of the county party committee, which has decided to make new arrangements and preparations for straightening out the county's three disorders, improving all systems, and willingly accepting supervision by society. The Santana sedan purchased in violation of discipline was returned to the (Xinjiamen) Coal Mine on 10 December.

Hunan To Build Projects Honoring Mao Zedong

OW2612152491 Beijing XINHUA in English
1416 GMT 26 Dec 91

[Text] Changsha, December 26 (XINHUA)—Hunan Province decided to build more projects of commemorating the late Chinese President Mao Zedong in Shaoshan, Mao's hometown, today while marking Mao's 98th birthday.

The memorial projects, designed to mark Mao's 100th birthday in 1993, include a bronze statue of Mao, a library named after Mao Zedong, stone steles with Mao's poems carved on, a display hall for Mao's historical relics and the Shaoshan cemetery of revolutionary martyrs.

The statue will feature Mao presiding at the ceremony for the founding of New China in 1949. The statue will be six m high and have a 6.2 m pedestal. It will be unveiled on the 100th anniversary.

The steles will take up more than 10,000 sq m and the project will be completed by December 1993. The warehouse of Mao's historical relics will be finished by the end of 1998 and will exhibit more than 5,000 pieces of Mao's historical relics.

The construction of Mao Zedong Library will be started in 1993.

Mao was born in Shaoshan on December 26, 1893. In the past few years the town has become a scene of historical importance that attracts millions of visitors both from other provinces and overseas.

Northeast Region

Shao Qihui Quoted on Agricultural Development

OW2712081991 Beijing XINHUA in English
0726 GMT 27 Dec 91

[Text] Changchun, December 27 (XINHUA)—A comprehensive agricultural development project on the northeast China plain has contributed a great deal to the very good grain harvest in the area despite severe natural disasters the three provinces suffered this year.

The grain output of Heilongjiang, Jilin and Liaoning Provinces totalled 55.96 billion kg this year, accounting for 13 percent of the country's total, the second best harvest after 1990.

The comprehensive agricultural development project was initiated by the State Council, the highest governing body of China. The project began in 1988 and aims to promote grain production in the three provinces, which are China's major commodity grain production centers.

The northeast China plain consists of the Songliao, Songnen and Sanjiang plains. Over 1,000 km by 400 km, it covers an area of 356,000 sq km, accounting for 30.1 percent of the country's total plain area. And the smooth terrain and rich soil of the three plains are favorable to the growth of various kinds of crops.

Over the past four decades, the Chinese government made great efforts to develop the plains and make them large-scale commodity grain production bases. The grain output of the plains accounts for above 10 percent of the country's total each year. Their soybean and corn export volume make up 75 percent and 60 percent of the country's total respectively.

However, drought in spring, flood in summer and frost in early autumn and a single cropping system restricted the development of agriculture on the plains in the past years.

For this reason, the Chinese Government approved in April 1988 the Sanjiang and Songliao plains and the Liaohe delta as one of the country's key comprehensive agricultural development zones.

Over the past three years, the development zones implemented a plan to promote the all-round development of farming, forestry, animal husbandry, side-line occupations and fisheries. This developing of local resources has improved the development zones' efficiency.

The Sanjiang plain, which is situated between three rivers—Songhua, Usuli and Nenjiang Rivers—in eastern Heilongjiang Province, covers 144,700 square kilometers, and includes 28 cities and counties. The plain has over 1.13 million hectares (ha) of land suitable for reclamation and over 400,000 ha of grassland available for grazing. Of the 3.3 million ha of farmland in the plain, nearly two-thirds are considered low-yield land.

After three years construction, the Sanjiang plain reclaimed 533,000 ha of low-yield land and opened up 127,000 ha of waste land. It improved 50,670 ha of grassland and planted 104,133 ha of trees. As a result, the plain's grain production capacity was increased by 1.504 billion kg.

To prevent flooding and water logging, the plain turned 148,700 ha of water-logged land into paddy rice fields and built 450,000 cubic meters of concrete flood works.

The efforts paid off. The ecological environment, agricultural infrastructure facilities, and production conditions of the plain were greatly improved due to the comprehensive agricultural development project, said the Heilongjiang Provincial Governor Shao Qihui.

The Songliao plain in Jilin Province also received a investment totalling 410 million yuan in the past three years to improve 336,700 ha of middle- and low-yield lands. The plain's grain production capacity was increased by one billion kg, and farmers' total income increased by 800 million yuan between 1988 to 1991. Economic efficiency on the plain increased to the point that one yuan of state investment results in an average output increase of five kg of grain.

Over the past three years, the plain built shelter-forests on 28,400 ha of land and raised 300,000 head of pigs, providing 900,000 tons of fertilizers for farmland. The methods increased by two percentage points the content of organic matter in the farmland on the plain.

Meanwhile, the Songliao Agricultural Development Zone got a large sum of money to construct six agricultural and sideline production bases. The bases are expected to create 26 million yuan in taxes and profits.

The Liaohe delta, one of China's seven river deltas, is one of the state key agricultural comprehensive development zones. It is located in the southern end of Liaoning Province and covers 2,600 square kilometers. It has rich agricultural resources and is potentially Chinese richest delta for comprehensive agricultural development. The construction of the zone started in 1989.

Called the last piece of virgin land on the northeast China plain, the Liaohe delta invested 238 million yuan in the past three years to open up 13,413 ha of waste land. It transformed 59,867 ha of middle and low-yield land and planted trees on 2,240 ha of land during the period. The output of reed, prawn, well salt and forage grass on the plain increased greatly. Incomplete statistics show that the plain's output value increased by 104.71 million yuan during the 1988-1991 period and that of profits, by 43.46 million yuan.

The comprehensive agricultural development program sponsored by the State Council in 1988 injected magic power into the northeast China plain. Statistics show that the three comprehensive agricultural development zones provided an additional 3.153 billion kg of grain to

the state during the first phase of the program. commodity grain output of the three zones accounted for 60 percent of the total grain production, up 10 percent over 1987.

Compared with 1987, the per ha grain output of the sanjiang plain increased by 1,251 kg and the average per capita income of farmers increased by 217 yuan.

The excellent results of the first phase of the comprehensive agricultural development program induced the state council to launch early this year the second phase of the project for developing the Sanjiang and Songliao plains. In addition, the Songnen plain in mid-west Heilongjiang Province has also been listed in the development plan.

In line with the central government policy, Heilongjiang Province has already outlined a plan which in the coming ten years will call for building more important commodity grain production bases, livestock products supply bases, agricultural and sideline products foreign exchange bases, and comprehensive processing bases on the Sanjiang and Songhua-Nenjiang plains.

To realize the goal, Heilongjiang Governor, Shao Qihui, said the province has decided to attract large sums of foreign funds and to conduct cooperative business with foreign investors. Appropriate investment policies have been outlined, he said.

He Zhukang on Coordinating Science With Economy

*SK3112045191 Changchun JILIN RIBAO
in Chinese 14 Nov 91 p 1*

[By reporters Liu Li (0491 0500) and Xiao Ying (5135 3841): "Expedite the Coordination of Science and Technology With the Economy and Strive To Achieve the New Strategic Change"]

[Text] At a discussion with some comrades attending the provincial conference on the coordination of science and technology with the economy, held on the afternoon of 13 November, He Zhukang, secretary of the provincial party committee, emphasized the need to emancipate the mind, deepen reform, expedite the coordination of science and technology with the economy, and truly bring Jilin's economic construction on the track of reliance on scientific and technological advances and improvement of the quality of laborers.

At the discussion, city, prefectural, and autonomous prefectural responsible comrades; and leading comrades of some scientific research units, colleges and universities, large and medium-sized enterprises, and pertinent provincial departments, offered many very good opinions and suggestions on further relaxing control over scientific research units and scientific and technical personnel to invigorate them, enhancing the ability of enterprises for technological development, increasing scientific and technological investment, facilitating the

circulation of technology as a commodity, and promoting the development of high and new technology and its industries.

He Zhukang said in his speech: Jilin has adopted a series of measures and achieved substantial results in coordinating science and technology with the economy. However, we still cannot say that we have done well and made great achievements. After discussing the rich content and the important significance of the theory that "science and technology are the primary productive forces," he said: This theory has developed the Marxist theory on productive forces and requires that we put science and technology in the first place. It has deepened the idea of taking economic construction as the central task and requires that we do a very good job in gearing science and technology to the needs of economic construction, and relying on science and technology in developing economic construction. It has improved the general target of the socialist reform and requires that we facilitate the transformation of scientific and technological achievements by providing systems and policies. It has also clearly indicated the new ideas for opposing peaceful evolution and consolidating the party's position as a ruling party and the socialist system and requires that we take more initiative in strengthening party leadership over scientific and technological work.

He Zhukang urged: We should further enhance our sense of respect for science and technology, and clarify the guiding thoughts for economic work. First, we should attach importance to the tremendous role of scientific and technological advances and persistently take the road of expanding production by improving management and upgrading technology. Second, we should focus on economic efficiency and pursue the high added value produced by technological advances. Third, we should attach importance to the development and dissemination of science and technology, and emphasize both production and technology. Fourth, we should attach importance to the law governing the circulation of technology as a commodity, and strive to create an environment that attracts scientific and technological achievements and scientific and technical personnel.

The coordination of science and technology with the economy is a systems engineering project that involves large areas and has rich content. Speaking on this issue, He Zhukang said: We should first succeed in the dissemination and application of advanced applicable technology. Meanwhile, we should urge enterprises to put forward the requirements for technological advances and urge scientific and technological departments to go deep into enterprises to suggest ways and means and, based on this, establish various types of associations. At present, we should pay attention to the following work. We should work out plans at an early date and organize the implementation of a number of projects to transfer, develop, and conduct research on some technology; facilitate the development of high and new-tech industries and lead the renovation of traditional industries with this; and emancipate our minds and actively

explore ways and methods for coordinating science and technology with the economy and promoting technological advances. The methods for the coordination should be varied and worked out in such a way that the autonomy of enterprises is respected, overall guidance is strengthened, and necessary administrative means are retained so that they can develop in a healthy manner.

He Zhukang emphasized: We should conscientiously strengthen leadership over scientific and technological work and economic work, boost the enthusiasm of all quarters, and pool their efforts. We should establish a leadership system that ensures that science and technology are developed in a coordinated manner with the development of the economy. Party committees and governments at all levels should include the coordination of science and technology with the economy in their work plans, study it on a regular basis, make unified arrangements for it, and resolve the major issues concerning it. We should give full play to the functions of the departments in charge of overall responsibilities and those in charge of various industries and enable them to share their work and make concerted efforts to work in a coordinated manner. We should give wide publicity to science and technology and mobilize forces from all quarters of society to promote scientific and technological advances. Propaganda departments should make use of the numerous fronts and means of propaganda to conduct extensive and in-depth education on science and technology so as to enhance people's sense of respect for science and technology, improve their scientific and technological quality, and provide effective theoretical support and good public opinion for developing science and technology and facilitating the coordination of science and technology with the economy. We should conscientiously implement various policies and fully develop the initiative of scientific and technical personnel. The province and various localities have formulated many policies for the coordination of science and technology with the economy. The current problem is their implementation. We should gradually improve relevant policies already issued in the process of implementation. We should further implement the party's policy on intellectuals and achieve success in the work concerning intellectuals. We should pay close attention to the actual problems in the work and life of scientific and technical personnel and make active efforts to provide favorable conditions to solve them gradually. We should greatly advocate the patriotic, realistic, and sacrificing spirit of scientific and technical personnel and use it to encourage the people throughout the province to do a good job in coordinating science and technology with the economy, promote the economy, and make still greater contributions to fulfilling Jilin's 10-Year Program and Eighth Five-Year Plan for economic and social development.

Ren Junjie, Xu Yuancun, Chen Zhenkang, Wang Yunkun and other leading comrades attended the discussion.

Wang Zhongyu Addresses Jilin Planning Conference

SK3112071591 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 29 Dec 91

[Text] The three-day provincial planning work conference ended in Changchun on the afternoon of 29 December. Attending the conference were Wang Zhongyu, governor of the province; Wu Yixia, Liu Xilin, Wang Yunkun, and Zhang Yueqi, vice governors of the province; and Sang Fengwen, secretary general of the provincial government.

The major items on the agenda of this conference included: Implementing the guidelines of the national planning work conference and the eighth plenary session of the fifth provincial party committee; arranging for the provincial plan on economic and social development in 1992; and emphatically studying ways to actually shift the focus of economic work to the orbit of readjusting structure and improving efficiency.

On behalf of the provincial government, Wang Yunkun made a report entitled "Focus Efforts on Readjusting Structure; Accelerate Technological Progress; and Facilitate the Sustained, Steady, and Coordinated Development of the National Economy." Governor Wang Zhongyu made an important speech.

The conference pointed out: Since the beginning of this year, under the leadership of the provincial party committee and the provincial government, the province has conscientiously implemented the various principles and policies of the CPC Central Committee and the State Council, and has firmly and successfully improved the economic environment and rectified the economic order, with a focus on economic construction, thus further developing the economy in a good direction. The province as a whole has had a bumper harvest in agriculture; the rural economy has developed further; industrial production has gone up steadily; the industrial sector of the economy has witnessed a turn for the better; the structure of investment in the fixed assets has improved; the construction of key projects has been strengthened; urban and rural markets have been brisk; commodity prices have been basically stable; the trade and economic and technological exchanges with foreign countries have been expanded further; financial revenues have increased; the banking situation has improved; the people's living standards have improved further; and new achievements have been made in science and technology, education, and various social undertakings. All these phenomena show that the province's economic development has witnessed a trend of overall improvement, and marked results have been achieved in economic rectification activity, with checking inflation as the major content. However, the problems we face at present remain very prominent. Major indicators are: Structural readjustment is proceeding slowly, economic efficiency is declining, the financial situation is difficult, and external conditions and internal mechanisms of enterprises still lag behind the development of the current situation. The conference

maintained: Only when we deepen reform and carry out comprehensive management by proceeding from the reality can we orient the economy of the whole province to a favorable cycle as quickly as possible.

The conference defined the guiding ideology for the 1992 economic plan as: Comprehensively implementing the party's basic line, further promoting reform and opening-up, shifting the emphasis of economic work to the orbit of readjusting structure and improving efficiency, continuously strengthening agriculture, further improving the economic situation of industry, promoting the favorable cycle and appropriate growth of the provincial economy, maintaining the coordinated development of the economy and the society, and promoting the building of the two types of civilization.

The major priorities of the breakdown for the 1992 economic and social development plan are: Expecting to effect a 5.2 percent increase in the gross national product, a 4.4 percent increase in the national income, a 1.6 percent increase in the total agricultural output value, a 6.5 percent increase in the total industrial output value, and a 9.5 percent increase in the total volume of retail sales; and controlling the increase margin of the general price index within 6 percent.

The conference pointed out: Next year, we should make the best use of the province's agricultural advantages; comprehensively develop the rural economy; give priority to readjusting structure and improving efficiency; promote the appropriate and steady increase of industrial and communications production; strengthen construction of key projects; readjust the structure of investment; improve investment returns; positively enliven channels of circulation; further invigorate rural and urban markets; continue to open to the outside world; further expand foreign trade; positively and steadily promote the work regarding foreign affairs; strive to increase financial input; make flexible use of credit funds; make good arrangements for the people's livelihood next year; continue to promote the coordinated development of science and technology, deduction, and various social undertakings; and achieve success in scientific and technological work.

Governor Wang Zhongyu stressed in his speech: We should give prominence to focal points, make overall plans and take all factors into account, and make good arrangements for next year's economic work. He said: Generally speaking, next year's economic work should be geared to strengthening the concept of efficiency, fostering the concept of market, and defining the concept of scientific and technological progress. Next year's economic work should be focused on increasing efficiency, readjusting structure, enlivening circulation, promoting technological progress, deepening reform, and opening still wider to the outside world. At the same time, we should strengthen and improve the planning work; and should, adhering to the principle of combining planned economy with market regulation, strengthen macroeconomic regulation and control, grasp structural

readjustment, and strengthen the overall balance. Leaders of governments at all levels should grasp the central task of economic construction, and concentrate energy on economic work.

The conference called on all localities and all departments to enhance morale, work hard in unity, further improve the provincial economic situation, and strive to fulfill the 1992 economic and social development plan.

Jilin Discusses Sending Cadres to Grass Roots

SK3012023891 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 28 Dec 91

[Text] At the conference on provincial departments sending cadres to lower levels, Du Qinglin, deputy secretary of the provincial party committee, emphasized that in view of the new situation and new tasks, we should further deepen our understanding of the great significance in the work of sending cadres to lower levels from the strategic perspective of comprehensively implementing the party's basic line, opposing peaceful evolution, and adhering to the party's mass line, and should successfully fulfill the various tasks for this work.

At the conference, work carried out previously was analyzed, work experiences were introduced, and many very good opinions were put forward on how to make this work still successful. Comrade Du Qinglin said in his speech: The first group of cadres of provincial departments sent to lower levels have stayed at the grass-roots levels for five months. Thanks to the meticulous organization and management of all localities and departments, management of the cadres sent to lower levels has been initially brought on the right track. Cadres sent to lower levels have actively played their role, achieved encouraging results in the grass-roots work, undergone training and made improvement through practice at the grass-roots levels, and established a good image for themselves.

Du Qinglin emphasized: We should further deepen our understanding of the important strategic significance of sending cadres to lower levels. Success in this work is also an objective need in comprehensively implementing the party's basic line and fulfilling the current tasks put forward by the provincial party committee, an objective need in training cadres at the grass-roots levels and cultivating and bringing up successors to carry on the socialist cause, and an objective need in changing the work styles of the departments and maintaining close party-populace and cadre-populace relations. We should strengthen leadership, conscientiously do a good job in the organization and management of cadres sent to lower levels, and summarize experiences to explore the law governing the work of sending cadres to lower levels so that this work can develop smoothly along a correct track.

Jilin Meeting Views International Situation

SK3012030991 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 28 Dec 91

[Text] The Propaganda Department of the provincial party committee and the party work committee of the organs directly under the province held a report meeting on the international situation at the auditorium of the provincial guesthouse this morning. Gu Changchun, deputy secretary of the provincial party committee, gave a report at the meeting.

Gu Changchun said: This year saw spectacular changes and fierce turbulence in the international situation. After reviewing the world situation in the past year, we are confident of achieving a relatively stable and peaceful environment in the 1990's to attain the second-step strategic objective of socialist modernization.

Speaking on the consequences and lessons in the disintegration of the Soviet Union and the turbulence in East Europe, Comrade Gu Changchun said: Socialist countries' abandoning the leadership of the Communist Party and implementing multiparty political systems will inevitably lead to extremely serious calamity. Taking the capitalist road and implementing privatization will not save and develop the economy, and it is also impossible for Western developed countries to truly help other countries take the road to wealth and strength.

Speaking on China's foreign policy, Gu Changchun said: No matter how complicated and changeable the international situation was in the past year, we adhered to the peaceful foreign policy of independence and achieved great development in relations with foreign countries. The Five Principles of Peaceful Coexistence we advocated were affirmed and praised by a growing number of countries. Faced with the fiercely turbulent, complicated, and changeable international situation in the past year, China adhered to the peaceful foreign policy of independence and strove to conduct explorations and work actively, thus making new achievements on the diplomatic front and securing a beneficial international environment. Its relations with neighboring countries witnessed further improvement and development, its friendly relations with developing countries were continuously strengthened, and its relations with Western countries were restored and developed. China played an increasing role in international affairs. After reviewing China's diplomatic situation and achievements in the past year, we are confident in our future. We should unswervingly take the socialist road with Chinese characteristics and make even greater contributions to the peace and development of the world.

Jilin Meeting Views Handling of Intellectuals

SK3012075691 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 27 Dec 91

[Text] After a two-day session, the provincial meeting to exchange experiences gained in handling the affairs of intellectuals concluded in Changchun on 27 December.

Delivering reports at the meeting on their experiences gained in handling the affairs of intellectuals were 12 units, including the Siping party committee, the provincial Education Commission, the Changchun No. 1 Motor Vehicle Plant, the Changchun (general farm machine plant), and 12 other units presented written reports on their experiences to the meeting.

Gao Wen, member of the provincial party Standing Committee and director of the provincial Organizational Department, delivered a speech in which he stated that for more than a year, the province had made greater achievements in handling the affairs of intellectuals, thanks to the great attention paid by party committees and governments at all levels to the work and the mutual efforts made by various departments concerned. The enthusiasm of the broad masses of intellectuals has been further brought into play in rendering services for economic construction. The education conducted among intellectuals, and leadership over of handling the affairs of intellectuals, have drawn great attention and been enhanced. The promotion of outstanding managerial, commercial, and technical talented personnel at every level has achieved greater progress. Leading cadres at all levels have enhanced their contacts with intellectuals and done some practical deeds for the work and working conditions of intellectuals.

In referring to the new situation and future major tasks encountered in handling the affairs of intellectuals in his speech, Comrade Gao Wen pointed out that implementing the thinking in which science and technology is the first productive force and bringing into play the first role of intellectuals in developing productive forces, in the final analysis, mean to put the work of handling the affairs of intellectuals in an important position. This has imposed new and higher demands on various localities, departments, and the leading personnel of various units for defining their organizational and working duties. Efforts should be made to adopt practically effective measures to bring into full play the enthusiasm of intellectuals in making contributions to economic construction and order, to integrate science and technology with production, to orient scientific and technological forces throughout the province to the main battlefield of economic construction, and to make arrangements for promoting outstanding commercially and technically talented personnel by upholding standards. A good job should continuously be done in holding training classes on politics and theories for intellectuals, and conducting ideological education among them. We should create good conditions for intellectuals to fully play their role; persistently implement the principle of giving priority to discipline in politics, boldly employing intellectuals and showing great concern for their livelihood; continuously create a good environment for respecting knowledge and talented personnel; and continuously enhance leadership in handling the affairs of intellectuals. Party committees and governments at all levels as well as the leading personnel of various units should consciously regard from a high plane of strategy the work of handling the

affairs of intellectuals as a big task and grasp the task firmly, realistically, and successfully.

Wang Jinshan and (Cheng Binghe), deputy directors of the Organizational Department under the provincial party committee, respectively presided over the meeting.

Jilin Rural Economic Achievements Reported

SK3012044091 Changchun Jilin People's Radio
Network in Mandarin 1030 GMT 27 Dec 91

[Text] Our province has made marked achievements in enforcing the Spark Plan over the past five years, which has played a tremendously supportive role in developing the rural economy. The Spark Plan, in which science and technology are regarded as leading and making the rural economy flourish, is regarded as the first scientific and technological plan in the province's scientific and technological history, with promoting economic development as a direct aim. During the Seventh Five-Year Plan, our province successively invested 396 million yuan in the plan and arranged 757 scientific and technological projects. The province has, to date, put 605 projects into production, which have realized 1.866 billion yuan of output value and turned out 463 million yuan of profits and export commodities that have earned more than \$50 million. Rural areas throughout the province have had 200,000 specialized technical and managerial personnel who have been nurtured or trained under this plan. The province has fulfilled in an overall way the tasks set in the Seventh Five-Year Plan.

In enforcing the Spark Plan, the broad masses of scientific and technological personnel across the province have achieved a large number of outstanding scientific and technological results with basic standards, which have successfully won 332 prizes. Of these prizes, 46 were international awards, 70 were National Spark Prizes, and 99 were other national awards; 106 units and individuals have been successively commended as advanced collectives and workers emerging in the Spark Plan. Since the enforcement of the Spark Plan, the province has not only achieved marked economic results over the past five years, but has also paved the broad way of having science and technology flow to rural areas. During the Seventh Five-Year Plan, more than 5,000 scientific and technological personnel throughout the province went deep into rural areas and town-run enterprises to render technical services through the programs of setting up technical associations between plants and institutes and between plants and colleges, and of dispatching scientific and technological personnel to be deputy heads of counties. They trained more than 500,000 peasants who had obtained one or two specialized skills and also fostered more than 200 advanced technology and scientific and technological research results. They helped establish 82 provincial level enterprises in charge of enforcing the Spark Plan and more than 40 enterprise groups engaging in rural development, castor planting, and developing agriculture, forestry, and

fruits in a systematic way; of associations between production and scientific research units; and of joint corporations among agriculture, industry, and commerce. All of them have obviously improved the traditional industry enterprises, the quality of town-run enterprises, and the production structure.

In order to further promote the penetrating force of the Spark Plan throughout the province, the provincial scientific and technological commission recently held a commendation meeting in Changchun to honor 58 units, including the Changchun Financial Bureau; and 133 comrades, including (Zhu Yuan), who made marked contributions to enforcing the Spark Plan across the province during the Seventh Five-Year Plan.

Two-Tier Management System Boosts Rural Economy

OW2712104391 Beijing XINHUA in English
0900 GMT 27 Dec 91

[Text] Changchun, December 27 (XINHUA)—The two-tier management system combining collective and individual endeavors, which has been carried out in China's rural areas in recent years, has injected new vitality into rural production.

Dagang Township in Jilin Province in northeast China is one of the examples of benefit from the system. In the spring of this year, the township government used only 26 tractors and 260 farmers to plow 7,800 ha [hectares] in 15 days—10 days less than usual. This means the crops will have a longer growth period.

The two-tier system means the household contract responsibility system together with the community service network set up by government departments.

Zhang Jianmin, head of the township, said his township began the household contract responsibility system with remuneration linked to output in 1983, a main form of economic operation in China's rural areas today.

The total grain output of the township in 1984 was 35,219 tons, 2.3 times the normal figure, and the per capita income was 546 yuan, four times the previous figure.

In rural China farmland is collectively owned, but under the contract system the household can contract farmland from the local government organization. This has encouraged farmers to increase grain production and be more careful about land management.

But there still exists a potential contradiction in the system, Zhang said, because of the different levels of farmers' expertise. The grain output per unit varies greatly on the same quality of land with the same investment. The highest could be more than 10,000 kg and the lowest, only several thousand kg.

At the same time, the different channels through which the farmers obtain seeds, chemical fertilizer and other production materials also affect grain output.

So the township began to implement the two-tier system of unified management combined with independent contracted operation by households in 1989. Chinese peasants have a tradition and rich experience of household management as well as the habit of depending on the community or village to conduct production activities; this system has integrated the two.

The functions of unified management by village-based collective organizations include unified planning of farmland capital construction, organizing the use and management of farm machinery, water conservancy projects and storage facilities, rationalizing production layout, organizing comprehensive agricultural development, and providing unified services for contracting households such as pre- and post-production services and dissemination of agricultural science and technology.

The township also holds training classes on farming techniques and only those who graduate are allowed to take up contracts. The township government has also set up an agricultural materials supply department for farmers and eight farm machinery teams.

The grain output of the 170 ha of farmland managed under the two-tier system has increased by 31.2 percent compared with when it was under sole individual management, and the cost per ha were reduced by 74 yuan in 1989.

In the spring of this year the township government allocated 4.5 million yuan (about 900,000 U.S. dollars) to the farmers to buy 5,000 tons of chemical fertilizers and 170 tons of fine seeds.

Although the serious floods this summer destroyed the crops in 800 ha of local farmland, the township's total grain output has reached more than 70,000 tons; per ha output was 9,860 kilograms, a 15 percent increase over that of last year.

Jilin Establishes Language, Culture College

*OW2412130191 Beijing XINHUA in English
0917 GMT 24 Dec 91*

[Text] Changchun, December 24 (XINHUA)—Jilin Province in northeast China has set up a college of international language and culture, the first college in the area run by a non-governmental organization.

Established by the Jilin Foreign Language and Culture Exchange Center, the college has opened departments of English, Russian, and Japanese languages.

It will open more departments covering German language, Chinese language and literature, Chinese culture, traditional Chinese medicine, and international trade.

At present the new college has some 150 professors, associate professors and lecturers as well as 804 students. The period set for study is two or three years.

The college will develop language and cultural exchanges with Japan, the United States, the Soviet Union, South Korea, Taiwan, and Hong Kong.

It will also enroll a number of foreign students who want to study Chinese culture, according to the president of the college.

Li Says Time 'Not Ripe' for Direct Links*OW3012154691 Taipei CNA in English 1414 GMT
30 Dec 91*

[Text] Taipei, Dec. 30 (CNA)—President Li Teng-hui has said in an interview with Voice of America [VOA] that the time is not ripe for the Republic of China to open direct postal, transportational, and commercial links with the Chinese mainland.

"We do not refuse to establish the three links with the mainland, but the time to do so is not ripe," Li said, adding that the most urgent thing for the people on the two sides of the Taiwan Strait to do now is to eliminate their hostility toward each other and to nurture mutual trust.

"Only after Taiwan's development and security are assured and stability in the Taiwan Straits is guaranteed, will it be meaningful for us to consider opening the three direct links with the mainland," he said in the interview conducted in Taipei Saturday.

The government now only permits indirect postal, transportational, and commercial links with the mainland.

Opening the three direct links is not merely a matter of civilian economic and trade exchanges, it involves many political, legal, and technical problems between the two sides, he explained.

When asked whether Taiwan will hold talks with the mainland for conciliation, the president referred to his inaugural address, in which he said that "in today's world, conciliation has replaced confrontation. The Chinese nation can not go against the great tide of our time."

"We will not talk for the sake of talk," he said. "But we will seek practical solutions to the problems facing us." He cited as an example Taiwan's recent effort to try to cooperate with the mainland in cracking down on crimes in the Taiwan Strait.

In the interview broadcast in Mandarin by VOA Saturday evening, President Li also said that from historical and cultural point of view, all inhabitants of Taiwan belong to the Chinese nation. "We can not cut off our relations with the Chinese nation and Chinese culture."

In addition, Li said, Taiwan can not limit its economic development to Taiwan. It needs the Chinese mainland as a source of support for its economic expansion. When these reasons are widely known to the general public, the advocacy for Taiwan independence will naturally lose popular support and vanish altogether, he added.

Turning to the role the United States can play in the course of Chinese national unification, President Li said the US Government has consistently held that the China issue should be solved peacefully by the Chinese on both sides of the Taiwan Strait. "We agree to this point of view, and have consistently worked in this direction," he added.

The president also said that the successful completion of the Second National Assembly election on Dec. 21 in Taiwan indicates that the Chinese are able to practice democracy successfully.

Dissident Fang Lizhi Meets With Hao Po-tsun*OW2812102391 Taipei CNA in English 0755 GMT
28 Dec 91*

[Text] Taipei, Dec. 28 (CNA)—Equal opportunity for education is one of the most remarkable merits Taiwan has achieved during the past four decades, Premier Hao Po-tsun said Friday.

Hao spoke while receiving exiled Mainland Chinese astrophysicist Fang Lizhi and his wife at the Executive Yuan.

The premier told Fang that the Chinese are diligent and talented. "Given good education," Hao said, "the Chinese can excell in science and technology."

Hao exchanged views with the leading Mainland Chinese [word indistinct] on education systems in the United States, Mainland China and Taiwan.

The premier said he hopes the Fangs can come to Taiwan frequently to lecture on the latest developments in their research fields. He also urged the couple to recommend outstanding mainland academics now staying abroad for work in Taiwan. Fang's wife Li Shuxian is a physicist.

Hao told the Fangs that the Republic of China Government will continue to promote civilian exchanges across the Taiwan Strait in accordance with its national unification guidelines in the hope that China will finally be reunited under freedom and democracy.

The Fangs, who are now staying in the United States, arrived in Taipei last Sunday for a 10-day visit.

Views 'Phenomenal Change' in Mainland*OW3112092391 Taipei CNA in English 0801 GMT
31 Dec 91*

[Text] Taipei, Dec. 31 (CNA)—Mainland Chinese dissident Fang Lizhi said here Monday that Taiwan and the Chinese mainland should discontinue emphasizing their difference in ideology so that their efforts to reunite the Chinese nation may succeed.

Speaking at a pre-departure press conference, Fang said the two sides should not interpret everything between them in the light of ideology.

Fang, who arrived here with his wife Li Shuxian on Dec. 22 for a nine-day visit, said that not all citizens of communist countries are communists, and that even communist leaders in Peking have lost their confidence in communism.

He said that, after decades of experiment in the Soviet Union and Communist China, communism has proved

to be utopian and has lost its attraction to communist believers in the whole world.

He said some authorities in Taiwan have failed to notice this phenomenal change in Mainland China and have continued to prohibit members of the Chinese Communist Party from coming to Taiwan to attend academic meetings.

Fang also criticized Taiwan's news media for placing too much emphasis on ideological difference between the two sides of the Taiwan Strait in their news reporting.

He stressed that Taiwan's political and economic success can best spotlight the failure of the Chinese Communist regime in Peking. He said however that the inflow of news from the outside world is the main force causing great change on the Chinese mainland.

Group Attempting To Increase IDF Engine Power

*OW2812101991 Taipei CNA in English 0809 GMT
28 Dec 91*

[Text] Taipei, Dec. 28 (CNA)—The Aero Industry Development Center (AIDC) is actively trying to increase the engine power of indigenous defense fighter (IDF) in order to meet the Air Force's future needs, a ranking military officer said Friday.

Dr. Peng Yuan-hsi, director of the IDF project, told the press that improving the propulsion power of IDF engine is the main goal of the center's work.

This has been necessitated by Communist China's procurement of Su-27 fighters, Peng pointed out. Peking is also trying hard to acquire MiG-29s and to develop other sophisticated fighters, Peng noted.

Military weapons must be constantly improved in order to meet changing needs, Peng said. Air Force fighters, particularly their engines, are not an exception, he added.

Peng affirmed that the plan to mass produce IDFs, which had been christened the Ching-kuo in memory of the late President Chiang Ching-kuo, will proceed as scheduled.

Under the plan, the first prototype IDF will roll off the assembly line in April, 1992. During the initial stage, the Air Force will take delivery of 10 planes, Peng noted.

The IDF project began in 1982 with a view to helping the Air Force accomplish its missions during the 1990s, Peng said.

During the early years of developing the fighter, the AIDC cooperated with a United States company in the design and production of its engine, Peng reported.

The engine has undergone more than 9,000 hours of sea-level and high-altitude laboratory tests before being installed in the IDF; it has since been tested on the ground and in the sky for over 2,000 hours.

The tests found that both the engine and the plane meet original specifications. The Air Force itself has participated in the assessment, and has determined that engine troubles had never affected testflights, Peng pointed out.

Dr. Wang Shih-sheng, vice president of the Chung-shan Institute for Science and Technology which oversees the AIDC program, noted that the Ching-kuo fighter has been testflown over 760 times.

The plan to mass produce the fighter has been going on smoothly, Wang said.

Problems Reported With Engine

*OW2912170391 Taipei TZU LI WAN PAO
in Chinese 24 Dec 91 p 1*

[By reporter Wang Ying-ming (3769 5391 6900); "Fatal Flaw Found in Development of the IDF Engine May Possibly Halt Mass Production—The Ministry of National Defense Is Shocked By a Very Specialized Tip Given By a Certain General to Control Yuan Member Lin Meng-kuei and Sends Vice Defense Minister Chuang Ming-yao To Hold Discussion With Lin Meng-kuei at the Ching Chuan Kang Air Base Today"]

[Text] Yesterday a shocking report was filed concerning errors found in the engine development project of the research and development program for mass production of the indigenous defense fighters [IDF]—which have been christened the Ching-kuo fighters and are classified by the military of the Republic of China [ROC] as its main fleet of fighters for the 21st century—which may possibly suspend or halt their full-scale mass production.

According to the disclosed information, a general who is an expert on fighters gave a tip to Control Yuan Member Lin Meng-kuei yesterday, pointing out that flaws were found in the entire engine development project for the IDF fighters. The Ministry of National Defense was very shocked when it received the information and has already sent Vice Defense Minister Chuang Ming-yao to personally hold discussions with Control Yuan Member Lin Meng-kuei. Today, Chuang Ming-yao is scheduled to hold a meeting for further coordination with Lin Meng-kuei at the Ching Chuan Kang Air Base.

It was pointed out that the substance of the tip was very specialized and quite accurate; therefore, the Ministry of National Defense paid much attention to it. If the Control Yuan conducts an investigation on the basis of this tip, personnel at the General Staff of the Ministry of National Defense who may be found responsible for dereliction of duty in this case could include Huang Hsiao-tsung, former president of the Chung-shan Institute for Science and Technology, and Hao Po-tsun, the chief of General Staff at that time and currently premier of the Executive Yuan. Both were then in charge of the program.

In addition, it has been learned that ranking military generals—including Presidential Chief of Staff Chiang

Chung-ling and Chief of General Staff Liu Hsien—are considering postponing or even halting the program for full-scale mass production of the Ching-kuo fighters if the IDF engine problem cannot be solved.

According to exclusive information obtained by our TZU LI WAN PAO reporter on the flaws found in the engine development project for the IDF Ching-kuo fighters, the major points of the tip are as follows:

1. The Air Force has been cooperating with the (Garrett Engine Division) of the United States to produce the IDF engine. The (Garrett Engine Division) has a good reputation for producing engines for small airliners. However, the engine of a fighter is different from that of an airliner. A fighter engine needs not only large horsepower and high performance, but also the design of an afterburner to enable it to climb swiftly and chase enemy aircraft. The (Garrett Engine Division) has never produced an afterburner before. It is hard to understand why the Air Force chose this manufacturer for cooperation in the project.

2. It is possible to infer from the thermodynamic limitation of the composition of the basic core for the type of engine, chosen for the IDF fighter under the research and development program agreed upon by the Air Force and the (Garrett Engine Division), how much horsepower such an engine will have when the fighter rolls out of the assembly plant. As far as a jet engine is concerned, whether or not the material and quality of its rear turbine blades can withstand the high temperature caused by sustained high horsepower has a considerably vital bearing on the performance of the jet engine. The horsepower output that exceeds the load of its design is in inverse proportion to the life of engine. In theory, various methods such as increasing the compression ratio may be adopted to increase horsepower. However, if overload happens to the engine, its life will decrease. Judging from the development of fighters at that time, experts believe fighter engines produced after 1990 must produce a thrust greater than the total weight of the fuselage plus the weapons and electronic equipment that it carries. However, according to experts' analysis of the composition of the basic core of the engine chosen for

the IDF fighter at that time, it was very clearly understood that its thrust would not be powerful enough to enable the total weight of the entire aircraft to make a continuous climb up to high altitude under a vertical angle of elevation. Of course, under the circumstances it cannot meet various Air Force performance requirements for development of a second generation of fighters.

3. To mend the fold after a sheep has been lost, all that the military can do now is to proceed with a plan to make the IDF fuselage "lose some weight" such as substituting carbon fiber for its main wings and tail plane. Even the electronic equipment which are extremely light are included in the "lose weight" plan. However, it is a job that will cost a great deal of money and, in the end, the Air Force cannot but leave a mistake uncorrected and make the best of it, resulting in waste of public funds.

It is learned that, according to the contents of the tip, the present IDF fighter development program will be entirely "scrapped." The full-scale mass production of the IDF fighter scheduled to begin next year will be reconsidered, too.

Taiwan Researchers Develop New Optical Disk

*OW3112114491 Taipei CNA in English 0815 GMT
31 Dec 91*

[Text] Taipei, Dec. 31 (CNA)—A 3.5-inch optical disk with a memory capacity of 128 megabites or 640 million Chinese characters has recently been developed by domestic researchers.

The erasable or "Write Many Read Always" (WMRA) disk is the product of a one-year research project at National Tsing Hua University and the Industrial Technology Research Institute (ITRI), said Lin Min-hsiung, director of ITRI opto-electronics and systems laboratories.

"The optical disk can be used in personal computers to make their memory device more powerful," Lin said. It can be reused more than one million times, he added.

The government-financed laboratories, together with other ITRI research units, have already developed optical disk drives, hard disk drives, and laser printers.

Hong Kong

Wilson To Retire; Possible Successors Considered

HK3112030691 Hong Kong SOUTH CHINA
MORNING POST in English 31 Dec 91 p 1

[By Owen Hughes, Shirley Yam, and David Wallen in London]

[Text] Britain announced last night that the Governor, Sir David Wilson, would retire within 12 months with a life peerage, conferred in the Queen's New Year's honours list published today.

The retirement was confirmed by the British Prime Minister, Mr John Major, who said Sir David, 56, "has the Government's full confidence".

There was no announcement about a successor, although a number of names including two former foreign secretaries, Sir Geoffrey Howe and Dr David Owen, have been prominent amid speculation.

Others with obvious credentials and connections with Hong Kong are the former special foreign affairs adviser to Mr Major, Sir Percy Cradock and the present Ambassador to Beijing, Sir Robin McLaren, who had served as leader of the British team on the Joint Liaison Group.

Possible local candidates include Sir David Ford, the current Chief Secretary, and Senior Executive Councillor, Lady Dunn.

However, their chances are slim because the British Government would prefer a political heavyweight capable of preserving its strong imperial image right up to June 30, 1997.

Observers say no one will be named until after Britain's general election, which must be held by July.

A statement from Mr Major's office said "it was never the intention that Sir David should serve until 1997".

Sir David must choose a name for his life peerage taking into account that former prime minister, Harold Wilson, became Lord Wilson of Rievaulx in the 1983 Queen's Birthday list.

The Governor will have served for five years next April and it was expected that he would retire before the end of next year.

The announcement put to rest more than 12 months of speculation about Sir David's future.

Mr Major has repeatedly denied that Sir David would be retiring when his five years were up.

Britain's Premier insisted during his visit to Hong Kong in September, and again later when speculation persisted, that there was "no vacancy" for the post.

The Governor had said he was unlikely to be in the job when China takes over the territory in July 1997.

Despite the endorsement of Sir David in Mr Major's statement, it is known there was unhappiness in London and locally over the handling of the Chek Lap Kok airport negotiations with Beijing.

Bilateral talks on the issue between the Hong Kong Government and the Chinese had come close to breaking down when Mr Major agreed to visit Beijing last August.

Labour Party spokesman Mr George Foulkes said the party now believed there would be "insuperable problems" in appointing a Hong Kong person as governor as the party had earlier wished.

It was now looking to a political appointment of a British figure, although Labour intended that other senior posts including that of chief secretary should be made locally.

Mr Foulkes said the events of the past few years had shown that the position of governor was much more of a political than an administrative post.

"It is the equivalent of being prime minister or president of a medium-sized country and it clearly needs someone in very close touch and with the confidence of the foreign minister or prime minister in Britain on a week-to-week basis," he said.

Mr Foulkes would not discuss possible contenders although names which have been considered by Labour included former United Nations ambassador, Lord Ivor Richard, and former European Community commissioner, Lord Clinton-Davis.

Former deputy prime minister Sir Geoffrey Howe—one of the architects of the Joint Declaration for Hong Kong—was also reported to have shown an interest in the job.

Another heavyweight, Sir Charles Powell, who earlier in the year accepted a senior post with Jardine Matheson, is also tipped to be in the running.

Sir Charles was Mrs Thatcher's loyal foreign affairs adviser and is a hot favourite among local tycoons, especially Mr Henry Keswick.

Catching up from behind and now appearing suitable for the race is Mr Peter Brooke, Northern Ireland Secretary.

Two other governorship prospects are Defence Secretary, Mr Tom King, who was recently in the territory on a private visit, and the Home Secretary, Mr Kenneth Baker.

It is unprecedented for a Hong Kong governor to be elevated to the peerage while still serving in office.

Sir David was born in Scotland and he may wish to adopt a title for his peerage from there, as former governor, Lord MacLehose of Beoch, did.

United Democrats chairman Mr Martin Lee Chu-ming declined to evaluate Sir David's performance before his

retirement but called on his successor to "wear only one hat as Hong Kong's governor".

Mr Lee said the new governor should have the courage to stand by Hong Kong's interests, the Sino-British Joint Declaration and to push for greater democracy in 1995.

Conceding that any governor's approach would be largely controlled by London, Mr Lee said: "If he is the governor in Hong Kong, he should wear only one hat and fight for local interests."

Official Discusses Crackdown on Border Crime

HK2912014391 Hong Kong MING PAO in Chinese
23 Dec 91 p 4

["Special Dispatch": "Hong Kong Security Official Says Hong Kong and China To Step Up Joint Efforts Against Border Crimes"]

[Text] Acting Secretary for Security Strachan disclosed that 15 mainland public security men were shot dead while carrying out their tasks this year. The Chinese and Hong Kong Governments expressed concern over this. In the future, they will strengthen mutual understanding and cooperation at varying levels to crack down on border crime.

When interviewed by Asia Television Ltd., Strachan pointed out: Both China and Hong Kong are greatly concerned with the problem of border crimes on sea and on land. It is particularly serious that some lawbreakers have recently carried firearms in their smuggling activities.

According to Strachan, so far this year 15 mainland public security men have been shot dead while carrying out their tasks. He said: The crimes committed near the border of Hong Kong recently may some day occur on the South China Sea; therefore, the Guangdong authorities must settle this problem.

He pointed out: Both sides will establish relations through varying levels and make collective efforts to crack down on border crime.

Strachan reiterated that the Hong Kong Government was not prepared to reinforce the weaponry and fire-power of law enforcement personnel for the crackdown on these armed bandits on the border. He said: Although the authorities want to arrest the lawbreakers, it is not their intention to chase the smugglers and exchange fire at sea. He firmly believes that Hong Kong law enforcement personnel will intelligently take appropriate steps when they are faced with danger.

'Roundup' Cites Mainland Leaders on Hong Kong

HK2812020391 Beijing ZHONGGUO XINWEN SHE
in Chinese 1137 GMT 22 Dec 91

["Yearend roundup for Hong Kong, Macao, and Overseas" by staff reporter Guo Weifeng (6753 0251 6912):

"Chinese Leaders Attach Great Importance to Mutually Beneficial Relations Between Mainland and Hong Kong"]

[Text] Beijing, 22 Nov (ZHONGGUO XINWEN SHE)—When reviewing the remarks of Chinese leaders on the Hong Kong issue, one may easily find that the mutually beneficial relationship between Hong Kong and the mainland is a point of great importance. The degree of importance attached to such a relationship has rarely been seen in the past and the degree of highly valuing such a relationship was also rarely seen before.

This year, ZHONGGUO XINWEN SHE [ZXS] transmitted more than 30 interviews by ZXS reporters with Chinese leaders, including Jiang Zemin, Li Peng, Li Ruihuan, Wu Xueqian, and Zou Jiahua, talking about the Hong Kong issue. Of these interviews, more than 10 mentioned the mutually beneficial relationship between Hong Kong and the mainland. Of course, this does not mean that Chinese leaders did not care about this issue in the past. For example, Yang Shangkun, Li Peng, and Wan Li mentioned this issue last year. However, it was rarely seen that the leaders talked about this issue so many times and presented such rich contents in their talk as they did in 1991. This fully showed that the Chinese leaders have paid more and more attention to the mutually beneficial relationship between Hong Kong and the mainland.

First, they fully emphasized that Hong Kong's prosperity and stability are good for the mainland.

On 26 November, when meeting in Zhongnanhai with the visiting delegation of Hong Kong's "One Country, Two Systems" Economic Research Center, headed by Ann Tse-kai, Jiang Zemin said: "If Hong Kong became a 'dead port,' how would it benefit the mainland?" This was the third time this reporter had personally heard him stressing Hong Kong's important, beneficial role to the mainland.

This reporter also heard Yang Shangkun, Li Peng, and Li Ruihuan express the same viewpoint many times. On 19 October, when meeting with Hong Kong businessman Run Run Shaw, Yang Shangkun said: Hong Kong's prosperity and stability will be beneficial to the mainland. If Hong Kong falls into chaos, no one will benefit. On 10 April, when meeting with some Hong Kong visitors, Li Peng pointed out that the maintenance of prosperity and stability in Hong Kong is good for the mainland. On 5 May, Li Ruihuan also made the same remarks. This shows that the Chinese leaders fully affirm and lay stress on Hong Kong's favorable factors for the mainland. As a matter of fact, Hong Kong has been playing an irreplaceable role in supporting the mainland's reform and opening up and this point must not be neglected.

Second, the leaders emphatically pointed out that the mainland's stable development is conducive to Hong Kong's further prosperity.

On 5 April, when meeting with Hong Kong visitors, Jiang Zemin pointed out: With the mainland's development and prosperity, Hong Kong will have more opportunities to achieve further development and prosperity. He has repeatedly expressed this viewpoint this year. This reporter heard that he cited the example of Shanghai's Pudong. He said that the development of Pudong will not affect Hong Kong's economic development; instead, the information and financial bond between the two places will be further strengthened.

On various occasions, the Chinese leaders repeatedly stressed this point. They held that Hong Kong's return will first benefit Hong Kong because the vast market, the rich resources, and the strong industrial and agricultural foundation on the mainland will all provide an unprecedented condition for Hong Kong's further prosperity and development. They also pointed out that the mainland's success in building socialism will be more favorable to Hong Kong's prosperity.

Third, the leaders fully expressed their determination to maintain Hong Kong's prosperity.

On 27 October, Yang Shangkun stated in Islamabad: "After China recovers sovereignty over Hong Kong, it will maintain Hong Kong's prosperity and Hong Kong's status as an international financial and trade center." This year, when mentioning the mutually beneficial relationship between Hong Kong and the mainland, all Chinese leaders expressed the same determination.

The Chinese leaders also expressed this determination from various angles. For example, Li Peng said: Shenzhen is adjacent to Hong Kong, so its success in construction will play a great role in promoting Hong Kong's prosperity and stability. Zou Jiahua said: Hong Kong companies will certainly have more cooperation opportunities with the mainland in the future. Wu Xueqian said: With economic development on the mainland, many problems in Hong Kong will be solved easily.

Fourth, they fully affirmed that the development of the mutually beneficial relationship between Hong Kong and the mainland will be good for the world.

Although Hong Kong is only a small place, it holds a weighty position in the world economy that can never be underestimated. If Hong Kong declines, the world will be seriously affected. Therefore, Jiang Zemin pointed out that maintaining Hong Kong's prosperity and stability is greatly beneficial to the world as a whole. Zou Jiahua also said, when meeting with a visiting delegation from the Hong Kong British Chamber of Commerce in Beijing, that maintaining Hong Kong's prosperity and stability is also beneficial to Britain. They held that after 1997, if Hong Kong and the mainland strengthen cooperation and promote each other's prosperity, this will bring benefit to Asia and the world.

In short, the most important purpose of the Chinese leaders' emphasis on the mutually beneficial relationship between Hong Kong and the mainland is to maintain Hong

Kong's prosperity and stability. As Li Ruihuan said: "Hong Kong's stability and prosperity is not only an issue about which the people in Hong Kong are concerned but also an issue about which the people on the mainland and every one of our leaders are concerned."

Poll Results Back Legco 'Confrontational Stance'

HK2912073491 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 29 Dec 91 p 1

[By Danny Gittings]

[Text] Hong Kong overwhelmingly backs the new Legislative Council's [Legco's] confrontational stance towards China, an exclusive Sunday Morning Post opinion poll has revealed.

More than half of those surveyed believed Legco is right to take on China—there are disputes over the Court of Final Appeal and the setting up of a new committee system—while a sizeable number have urged the new councillors to be even more confrontational.

They also backed Legco's hard-line stance towards the Government, which recently saw legislators throw out all the administration's requests for funding, saying they had gained a better opinion of the council in the three months since the liberals' electoral victory.

And they overwhelmingly indicted the Government for its failure to control the territory's two biggest economic woes—high inflation and rampant property speculation.

The end-of-year poll, conducted by Hong Kong Polling and Business Research last week and the first territory-wide test of opinion since the elections, found local people pessimistic about the prospects for 1992.

Almost two-thirds of the 418 surveyed thought the year would be no better than 1991, in an apparent indication they expected the present economic problems and disputes with China to dominate the agenda in 1992.

But the overall message was one of defiance.

"They are basically cocking a snook at Beijing," said Mr Peter Harris, Emeritus Professor of Political Science at Hong Kong University.

Most respondents wanted China to make concessions over the composition of the Court of Final Appeal—although Beijing has already ruled out any such move.

Only 16 percent believed it was the councillors who should change their stance.

Nonetheless, most believed the Sino-British Joint Liaison Group's agreement—which limits the number of foreign judges on the court to one—was acceptable.

Analysts said this indicated a lack of interest in the finer details of the Court's composition, despite popular support for taking on Beijing.

Only 19 percent backed conservative charges Legco has been too hostile towards China in recent months, while an equal number believed councillors had not been confrontational enough.

Most said they supported Legco's actions, which have included a 34-11 vote against the Court of Final Appeal accord and move towards a new system of Standing Committees that Beijing believes would violate the Basic Law.

Legco in-house convener Mrs Elsie Tu last night hailed the poll result as a vote of confidence.

"It's very encouraging," she said. "It shows that, despite the recent turmoil, people believe these changes are for the good."

In a finding that confounded many political pundits, almost two-thirds said Legco was functioning no less efficiently than before the elections—despite the huge backlog of questions and motions that has built up.

"It indicates that people are looking beyond the rowing and fighting and seeing that the new councillors are tackling the social issues they said they would in the election," said veteran legislator Mr Jimmy McGregor.

In recent months the council's agenda has been dominated by debates on bread and butter issues such as welfare benefits, inflation and rising crime.

Although half of those polled supported Legco's often tough line with the administration, a sizeable number were less willing to see them take on the Government than they were for confrontation with China.

A quarter said councillors had been too hostile towards the administration, while only 14 percent believed they should have been more confrontational.

They also gave strong support to the Government's handling of the difficult relationship with China.

And there was cautious support for the Government as a whole, with about two-thirds saying their opinion of the administration had not worsened despite the difficulties of 1991.

But there was unprecedented opposition to two key Government policies. Almost 80 percent said the administration had not done enough to cool off rampant property speculation.

And more than 90 percent said it had not done enough to tackle inflation.

Most Hong Kong Toys Manufactured on Mainland

HK3112014091 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1045 GMT 30 Dec 91

[Text] Hong Kong, 29 Dec (ZHONGGUO TONGXUN SHE)—In recent years, many Hong Kong toy-makers

have moved their factories to Mainland China. About 85 percent of Hong Kong's export toys are currently manufactured on the mainland.

According to statistics provided by a relevant department, the toy-making industry is Hong Kong's sixth biggest export industry. In 1987, toys produced and exported by Hong Kong totalled more than HK\$ [Hong Kong dollars] 12.4 billion. Since the end of the 1970's and the beginning of the 1980's, because of serious inflation in Hong Kong and the increases in wages, large numbers of toy factories have moved from Hong Kong to Mainland China as the mainland has been implementing a policy of opening up to the outside world. During this period, the number of toys produced and exported by Hong Kong has been dropping, reaching only HK\$5.3 billion last year. But those produced on the mainland and exported to other countries via Hong Kong have increased from HK\$8.74 in 1987 to over HK\$30 billion last year.

Toys produced in Hong Kong and those produced by Hong Kong toy-makers on the mainland still occupy an important position in the world's toy market.

It is learned that over 70 percent of toys produced by Hong Kong were exported to the United States and Europe. Hong Kong's electronic toys and game machines are still quite competitive in the international market.

People in toy production circles say that, as the mainland has more laborers and is close to Hong Kong and the people on both sides speak the same language, Hong Kong's toy-makers will continue to choose the mainland as the best place for their factories. However, due to the Sino-U.S. trade clashes and the continuous improvement of the investment environment in Southeast Asia, some may move to that region.

Economic Official Views 'Difficult Challenges'

HK3012030391 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 30 Dec 91 p 5

[By Ian K. Perkin, assistant director, Hong Kong General Chamber of Commerce]

[Text] Hong Kong's economy will face some difficult challenges in the new year, with world growth likely to be slow and some tough decisions to be made domestically.

While most analysts are, at this stage, predicting growth in the new year to be something between 5.5 percent and six percent, the territory may be faced with slower growth than this.

Given the difficulties facing some of the territory's major world markets, gross domestic product (GDP) growth will again be closer to last year's four percent rather than any higher.

Inflation is also likely to continue to be a problem and is unlikely to come down much below 10 percent.

The reason that growth is likely to continue to be slow is really because of the problems facing the international economy.

The United States is still mired in recession and whether the Federal Reserve's manipulation of interest rates will bring a boost in the new year is still in doubt.

There are pressures to get the U.S. economy moving, of course, with President George Bush due to face the electorate in November next year.

However, economies do not always move according to the political wishes of those in power and the President may find himself going to the voters defending a still weak economy.

Continuing weakness in the U.S. economy will, of course, have repercussions for Hong Kong's exports to that market as it has over the past two years.

It will also have repercussions for the conduct of Hong Kong's own monetary policy which is tied to the fate of the U.S. through the linked currency system.

In Europe, too, which has been such an important market for Hong Kong while the U.S. has battled recession, there are now signs of a slowdown.

Germany, in particular, has been leading the way with a tight monetary policy aimed at keeping inflation under control, but which will affect demand as well.

This will have repercussions throughout continental Europe, as will the events in the eastern half of the continent and in the former Soviet Union.

Britain is still in recession also and it may well be that the Prime Minister, Mr John Major, also finds himself going to the voters with a weak economy.

In our own region, Japan's vibrant economy is also showing signs of weakness and this could effect growth and investment throughout the region.

All this means that the room for external stimulus for Hong Kong's economy may well be limited throughout next year—hence the expected growth rate of about four percent.

Throughout the year, Hong Kong will also be faced with a series of battles on the trade front, most of them in relation to U.S.-China trade.

By the middle of next month, China (and Hong Kong) should know the results of proposed U.S. retaliatory action against Chinese goods as a result of the Special 301 investigation.

Next month, the battle will move to most-favoured nation status, with several major Hong Kong organisations including the General Chamber of Commerce moving early to lobby both Beijing and Washington on concessions.

Later the focus will shift to the Section 301 investigation by the U.S. of China's barriers to trade.

Domestically, too, Hong Kong will have to confront the challenges of coping with continuing high inflation and a still tight labour market at a time of slower economic growth.

Negative interest rates will continue to bedevil economic decision making in the territory, with the U.S. monetary policy forcing local rates lower at a time of high inflation.

As the year progresses the economy will have to begin to learn to absorb increased domestic spending in the form of the airport and port infrastructure projects.

However, the first challenge of the new year will be the first Budget of Financial Secretary Hamish Macleod.

Looking through last year's medium-term projections, Mr Macleod will not have an easy time with the Budget, both in terms of trimming spending and finding new revenue.

His budgetary exercise will not be made easier by the prospect of slower economic growth and continuing high inflation.

The medium-term projections in the Budget have been based on 5.5 percent growth and 7.5 percent inflation.

These figures will have to be revised as a result of slower growth this year and possibly continuing slower growth and higher inflation for the next year or so.

Throughout the past year, Hong Kong enjoyed a slightly faster rate of overall GDP growth than in recent years.

In the first quarter, growth was 4.3 percent followed by 3.6 percent in the second and 3.5 percent in the third, with overall growth for the year likely to be just four percent.

It can be seen therefore that the growth rate has levelled off after increasing from the 2.8 percent annual rate last year and the 2.7 percent in 1989.

However, recent figures for retail sales, property demand and other economic indicators suggest that there will still be some stimulus to growth on the domestic front.

This will be enhanced further into the year by the increasing spending on the Chek Lap Kok airport and related projects.

Both interest rates and inflation will remain high, relatively to regional and global levels, further complicating the outlook for the year.

The labour supply will again remain a constraint to growth unless the Government moves swiftly to allow more imported labour especially targeted to specific sectors of the economy.

This means that wage demands are likely to remain high and at least in line with the rate of inflation.

Externally, there is also the chance that the Chinese authorities may see growth ease as a result of international conditions, or decline as a result of deliberate government policy.

This too will have an impact on the potential growth of the local economy.

With this sideways drift in the international, regional and local economies, there seems likely to be a relatively quiet share market, especially if property market activity also eases off.

Overhanging all of this, too, will be the future of the General Agreement on Tariffs and Trade (GATT), with the Uruguay Round of negotiations still not reaching a conclusion.

Also on the trade front, Hong Kong will have to monitor closely the emergence of a unified Europe and the entry of Mexico into the North American Free Trade Area.

The issues of the emergence of powerful trade blocs and potential protectionism are certainly not going to go away.

Even growth in the rest of East Asia will be slower than in recent years.

All this means is that the external pressures on the Hong Kong economy in the year ahead are likely to be far greater than in the 12 months just completed.

Instead of being able to look to Europe (especially Germany) and the immediate East Asia region to replace easier demand from North America, markets are likely to weaken.

The external stimulus to growth in the coming year, therefore, will be less than was experienced in the last year.

Hong Kong is therefore unlikely to enjoy the same high levels of trade growth it has experienced this year, with total trade up 21 percent over last year.

This included strong growth of some 28 percent in re-exports, but only a marginal increase in domestic exports. Imports were also up some 28 percent.

Concern Over AIDS Increases in Hong Kong

HK2812062191 Hong Kong SOUTH CHINA
MORNING POST in English 28 Dec 91 p 2

[By Helen Signy]

[Text] The number of positive tests for the HIV virus leapt to a record high in November as local people surged to clinics after basketball star Magic Johnson admitted he has the virus and superstar Freddie Mercury died from AIDS.

Eleven new cases were detected by the Government last month, head of the special preventive unit, Dr Lee Shui-shan, said.

The number of telephone calls to the Government's information hotline last month was double the October figure.

The Government has now recorded 203 people as carrying the HIV virus which leads to AIDS, although Dr Lee estimated 3,000 to 5,000 people were actually infected.

"In November so many things have happened like Magic Johnson, Freddie Mercury, the establishment of the AIDS Foundation and our training course for nurses, which resulted in more people becoming aware of HIV infection and coming forward for testing," he added.

"I also believe teenage idols can help a lot. Here we don't have Magic Johnson or Freddie Mercury, so if we have some singers who come forward and say they are concerned, it's probably going to help," he said.

The new cases were eight Chinese and three non-Chinese adult men, six of whom contracted the virus through heterosexual sex.

Four were homosexual and the cause of infection in one case was unknown.

One more heterosexual developed full-blown AIDS last month, bringing the total number of patients to 59, of whom 39 have died and six have left Hong Kong.

Dr Lee said twice as many Chinese people were now being infected as non-Chinese, although many Locals still thought AIDS was a foreign disease.

Local awareness would increase as neighbouring countries continued to see more cases, he said.

It is thought two of the new cases could have caught AIDS in Thailand, where more than half of the prostitutes and drug addicts are widely known to be infected.

"What will affect people is what happens in other countries. Even what happens in Thailand has an impact on us, because people who go there for sex are beginning to worry," he said.

Co-ordinator of local charity AIDS Concern, Ms. Lisa Ross, said awareness about AIDS had risen dramatically during 1991 in Hong Kong.

"Somehow the message is getting through and people are starting to ask questions, but the general knowledge level is still pretty horrific among the local population," she said.

'Roundup' Views Progress on Airport Construction

OW2912144891 Beijing XINHUA in English
1423 GMT 29 Dec 91

["Roundup" by XINHUA correspondent Li Zhigao:
"New Hong Kong Airport Core Projects To Be in Full
Swing Next Year"]

[Text] Hong Kong, December 29—An overall bidding campaign has been in progress for contracts of the new airport core program projects with some of the projects scheduled to start construction in the first half of next year.

More than 20 international consortia have passed the pre-qualification assessments financially and technically to compete for contracting some of the ten core program projects of the airport, the largest project ever undertaken in Hong Kong valued at 98.6 billion Hong Kong dollars (12.6 billion U.S. dollars) at the price of March, 1991.

Members of the consortia come from all over the world including Britain, France, the Netherlands, Germany, Japan, South Korea, Italy, Belgium, and the Chinese Mainland as well as Hong Kong itself.

The bidding got its momentum immediately following the official signing of the memorandum of understanding concerning the construction of the new airport in Hong Kong by Chinese and British Governments in September.

Six pre-qualified consortia submitted their bids in November to compete for the airport site preparation contract worth 9 billion H.K. [Hong Kong] dollars (1.15 billion U.S. dollars).

The successful contractor scheduled to be decided in May 1992, will, with a project duration of about 30 months, prepare a 1,250-hectare airport site on the small desert island Chek Lap Kok and nearby water areas. The island far from the urban areas is more than 20 kilometers west of the Kai Tak International Airport.

In a recent coverage tour of the island, the XINHUA reporter saw the preparation on the island of a 30-hectare flat area of land for use as a works site is well advanced. This project will ensure that on the award of the contract for the formation of the main site the successful contractor will be able to start work immediately.

Meanwhile, eight other investors have been approved by the provisional airport authorities to compete for contracting the detailed designs of the new airport passenger terminal. The showpiece accounts for about 10 percent of the total cost of airport.

But flights of fancy of the designers will be constrained by the airport master plan and the concept for the terminal buildings, which has been finalized and endorsed by representatives of the international air transport association.

The master plan and the concept provide that the terminal building will stand east of the island between the two runways, each 3,800 meters long and 60 meters wide.

When going into operation in 1997, the airport will have a planned handling capacity of 33 million passengers with 42 frontal gates and 18 remote gates. The capacity is planned to go up to 87 million passengers in 2040.

Meanwhile, preparations have also been in good progress for roads and transport facilities relating to the new airport, especially the Tsing Ma bridge, which will be one of the world's longest suspension bridges.

All the four consortia pre-qualified for building the bridge had submitted, before the deadline December 16, bids and proposals on financial arrangements for the core project valued at 6.5 billion Hong Kong dollars or 833 million U.S. dollars. The government is evaluating the bids and a decision on selection is expected to be made in about five months.

The Tsing Ma Bridge, crossing the channel between Tsing Yi Island and Ma Wan Island, will be 2,167-meter long with a main span 1,377-meter long. It will have six traffic lanes on its upper deck. Two sheltered traffic lanes for emergency use and the airport railway on the lower deck.

Also a core project, the 32-kilometer railway between the airport and urban Hong Kong, which is valued at 12.5 billion H.K. dollars (1.6 billion U.S. dollars), is designed to bring 40-45 percent of passengers from the urban areas to terminal building at Chek Lap Kok with a journey time of 23 minutes.

The Hong Kong Government's discussion with the Mass Transit Railway Corporation (MTRC) on the operation of the airport railway is nearing completion. If everything goes smoothly, a government official said, the provisional agreement with the MTRC will be signed by mid-1992.

At a recent year-end meet-the-media session, the director of the new airport project coordination office Rafael Hui attributed the progress to the signing of the Sino-British memorandum.

"The signing of the memorandum of understanding has given us certainty we need to get on with the projects. It also provides a practical framework within which various issues related to the development of the new airport can be discussed by parties concerned," he said.

According to the memorandum, the airport committee and the airport consultative committee have been established and started their operations to facilitate the construction of the new airport. Meanwhile, the provisional airport authorities have been strengthened.

The director said the Hong Kong Government was also keen to enhance the public's understanding of the airport core program projects.

Public opinions here agreed that the new airport will be very important in enhancing the position of Hong Kong as an international financial and transport center and have great bearings on Hong Kong's development over the next decades.

However, some Hong Kong people, while showing concern with construction of the projects, take the view that the great expenses for the airport project construction could stimulate local inflation. Some expressed their worries about the quality and timely completion of the giant project, which is scheduled to complete in five years.

Macao

Macao Joint Venture Banned Over Illegal Exports

HK3012045791 Beijing CHINA DAILY in English
30 Dec 91 p 2

["Venture Banned for Unlawful Exports"]

[Text] The foreign trade ministry on Saturday made public its decision to revoke the operation licence of a Sino-Macao joint venture that was accused of engaging in illegal export of Chinese-made textile products.

The ministry issued a decree last October to rescind its approval of the operation of Zhuhai Special Economic Zone Yuen Fa Fashion Company, which was established in 1985. The decree was not made public until Saturday.

Since the beginning, the company had contracted out all the work to Macao's Fat Keong Garment Factory. That meant it wasn't a true joint venture, and there was little Chinese participation in management, officials said.

"The practice had run up against certain State regulations guiding the operation of joint ventures," said an official from the trade administration department of the foreign trade ministry.

Officials also said that the company had "ignored" China's textile quota regulation and incurred heavy economic losses for the country.

Earlier this month, Chinese trade officials banned domestic companies from doing business with a Hong Kong-based company that also was involved in illicit export of Chinese goods.

'Year-End' Views Work Toward Macao Transition

OW2912112691 Beijing XINHUA Domestic Service
in Chinese 0308 GMT 27 Dec 91

["Year-End" by reporter Luo Zhaoming (5012 3564 2494): "Macao Makes New Progress This Year in Carrying Out Work During Transitional Period"]

[Text] Macao, 27 Dec (XINHUA)—Thanks to friendly cooperation between China and Portugal, and active participation by people from various circles in Macao,

Macao made new progress in carrying out transitional work during the year now drawing to a close.

Promulgation of the "Draft for Soliciting Opinions on the (Draft) Basic Law of the Macao Special Administrative Region of the PRC" in July this year, and full-scale consulting work commencing thereafter, marked important progress in the work to draft the Basic Law, underway since the Committee for Drafting the Basic Law of the Macao Special Administrative Region began work in October 1988. It signaled that the work had entered a new phase.

It took two years and nine months to prepare the draft for soliciting opinions. During this period, mainland members of the Committee for Drafting the Basic Law of the Macao Special Administrative Region made four trips to Macao, at the invitation of the Consultative Committee for the Basic Law in Macao, to work with Macao members of the Committee for Drafting the Basic Law of the Macao Special Administrative Region in soliciting opinions far and wide from Macao residents on the Basic Law's draft. After listening to views from all circles, the Committee for Drafting the Basic Law of the Macao Special Administrative Region conducted repeated discussions and studies and held fully democratic consultations. Personalities from various circles in Macao attached great importance and gave enthusiastic support to the drafting. By participating in the Basic Law's consultation and drafting work, as well as other social activities, many people took an active part in political, economic, and social affairs during the transitional period and thus contributed to Macao's steady transition, as well as to a smooth future transfer of political power.

Ties between Macao and the mainland have strengthened daily since the drafting of the Basic Law began. Increasing numbers of people from various circles in Macao have been organized into delegations to visit the mainland since early this year. They have called at departments in charge of Hong Kong and Macao affairs, held discussion meetings with mainland members of the Committee for Drafting the Basic Law of the Macao Special Administrative Region, briefed them on the opinions and suggestions of Macao's mass organizations on the Basic Law's drafting work, and toured various areas to gain a better understanding of industrial and agricultural production in the motherland, as well as the new visage that has emerged since the implementation of reform and the opening policy.

Macao compatriots have always had the glorious tradition of patriotism and love for their hometowns. This summer, people from various circles in Macao launched activities on an unprecedented scale to provide donations in relief of flooded areas in east China. They donated cash and goods totalling nearly 60 million Hong Kong dollars; on average, every resident donated over 100 yuan. Providing relief for flood disaster areas has improved understanding between Macao and the mainland and deepened friendly feelings between compatriots.

This year, the Portuguese Government passed a law recognizing the official status of the Chinese language in Macao and stipulating that it has the same legal import as Portuguese. This is another important achievement made by China and Portugal in their cooperation toward solving problems existing during Macao's transition. It is conducive to appointing local people as government functionaries in Macao, making laws compatible with local customs, promoting contacts between government officials and the people, furthering friendly cooperation between Chinese and Portuguese residents, and strengthening Macao's stability and development.

The Sino-Portuguese Joint Liaison Group and the Sino-Portuguese Land Group cooperated very effectively in the past year. In addition to holding frequent consultations on the official status of the Chinese language, appointing local people as government functionaries, and making laws compatible with local custom, both sides of the Sino-Portuguese Joint Liaison Group also made progress in

solving the problem of Macao's participation in international organizations. Macao became a signatory to the GATT in January and was admitted as an observer at the Economic and Social Commission for Asia and the Pacific [ESCAP] in April. The Chinese and Portuguese sides agreed to maintain Macao's position in ESCAP and the International Criminal Police Organization [Interpol] after 1999. The Chinese side reiterated its active support for the Macao Olympic Committee's participation in the International Olympic Committee. At the 12th meeting of the Sino-Portuguese Joint Liaison Group, which was held recently, both sides decided to establish a working group on participation in international organizations. In addition, both sides also agreed on the issue of changing and issuing new identification cards for Macao residents designed to expire after 1999. All these achievements will play an active role in promoting Macao's stability and development and will favor Macao's economic prosperity and long-term development.

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